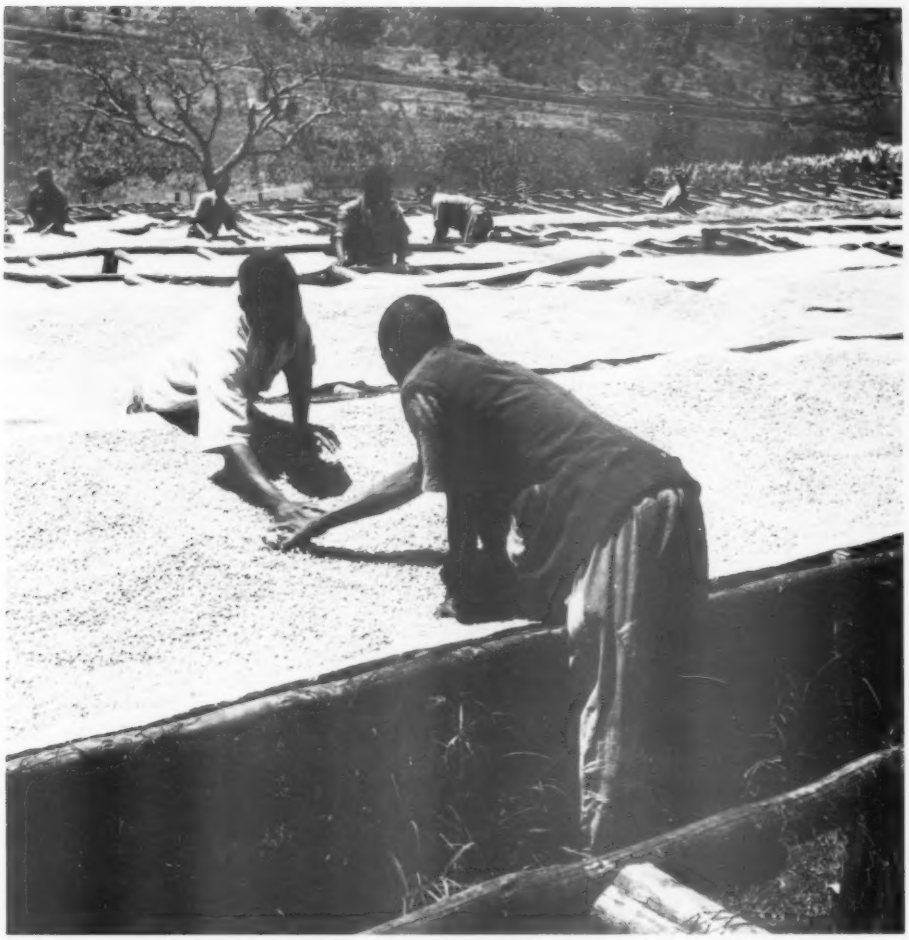
FOREIGN AGRICULTURE

March
1981

United States Department of Agriculture Foreign Agricultural Service



Petroleum-Short Brazil Pushes Farm Exports • U.S. Farm Exports to Eastern Europe Soar • Spanish Agriculture Prepares for EC Entry • Difficult Times for Agriculture in Poland and Kenya

Secretary Block On Farm Exports

The rapid growth in U.S. agricultural exports is a positive factor in the U.S. economy, remarked the new Secretary of Agriculture Block as he addressed a wide range of agricultural subjects during his first formal press conference recently at the Department of Agriculture. Excerpts from his responses to questions on agricultural trade follows:

His cabinet role: ". . .I expect to have, certainly, my full, fair share of influence on international trade matters. I am not one to sit back; I usually speak out, and I hope that I am prepared so that I can make a reasonably good case. And I am strongly in favor of international trade, as free as it can be within certain parameters. . ."

Exports and inflation: "I don't expect to have legitimate, responsible opposition to exports (as a cause of food inflation), because exports, indeed, provide more to us than what they might take away. In effect, our exports provide foreign exchange to buy oil and everything else that we need.

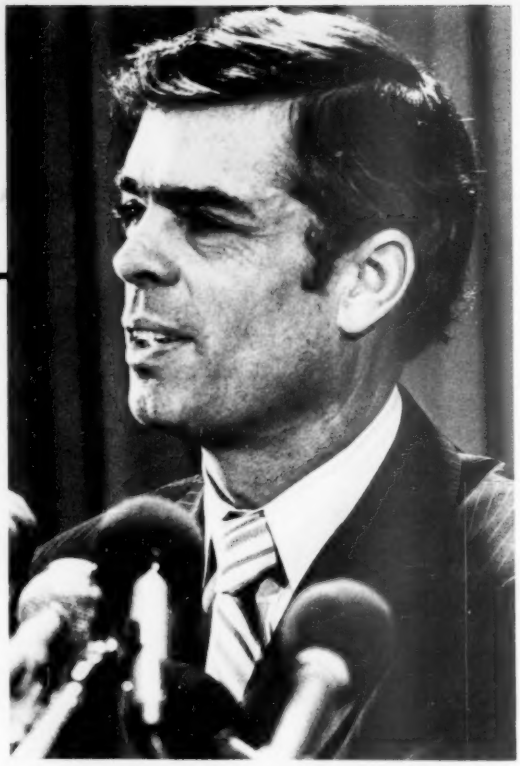
"We need exports. We are going to export $48 billion worth of agricultural products this year. We had a $23-billion positive agricultural trade balance last year. Without that, where would we have been if you totaled up our balance of trade?

"Agriculture is the one that carried us over this hump. Inflation would be much worse than it is without that. So our agricultural exports are fighting inflation for us, helping to keep costs down for us, and agricultural exports keep the farm economy more efficient because we are operating our plant at total production—we are more efficient, and in the long run it means a better buy in food to the people of the country."

Export potential: "(The potential for increased exports) is everywhere. There is a great opportunity out there. The Far East is a growing market. These countries are becoming better markets all the time, and I am talking of countries like Korea, for instance, which is growing all the time Indonesia is a growing market.

"If you look at bigger countries, the PRC is a growing market, and that is a big country and a big future market. The Iron Curtain countries have been good markets for us. They are growing markets. The European market is a more mature market, and I don't look for as much growth there.

"I think the opportunities are tremendous for us, and it is just a chance for agriculture to serve this country in an even greater capacity than it has."



John R. Block, the 21st Secretary of Agriculture

Man From Illinois Is Farmer and Farm Leader

John R. Block, 46, brings to the Office of Secretary of Agriculture a background steeped in farming and farm leadership. Prior to assuming the Cabinet post, Block had been Illinois director of agriculture since 1977.

While in that position, he led a people-to-people mission to the Soviet Union, Poland, Hungary, Austria, and Switzerland in 1980. He also helped conduct a market survey in Taiwan in 1979 and was a member of a farm export team that traveled to China and Japan in 1979 and 1980. He also supervised the Illinois Department of Agriculture's export offices in Brussels and Hong Kong.

Block was born Feb. 15, 1935, in Gilson, near Galesburg, Ill. He was graduated from the U.S. Military Academy, West Point, N.Y., in 1957, and served 3 years active duty as an infantry officer.

Since 1960, he has operated the family-owned Block Farms in Galesburg. While he managed the farm, the operation grew from 300 acres producing 200 hogs per year to 3,000 acres with a yearly production of 6,000 animals.

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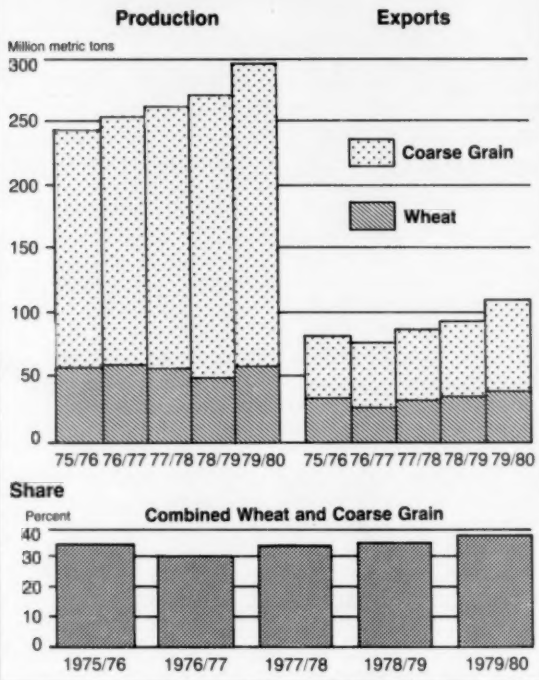

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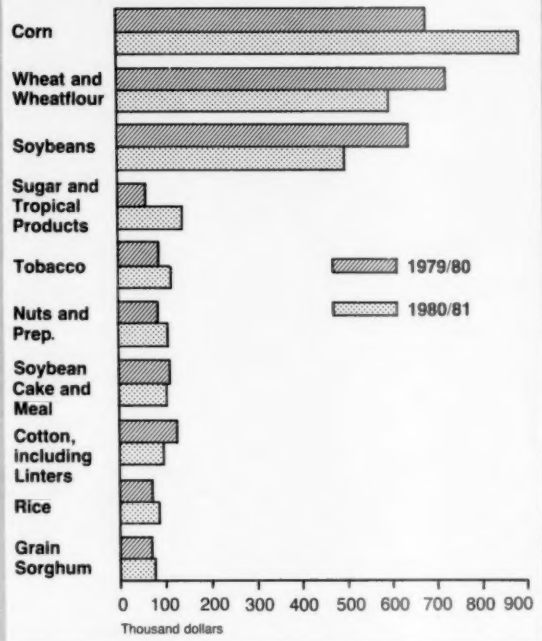

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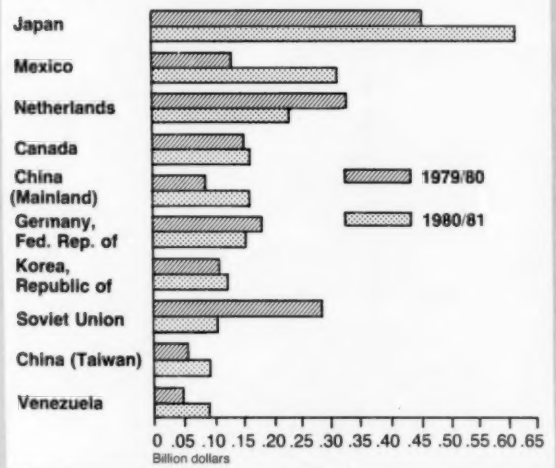

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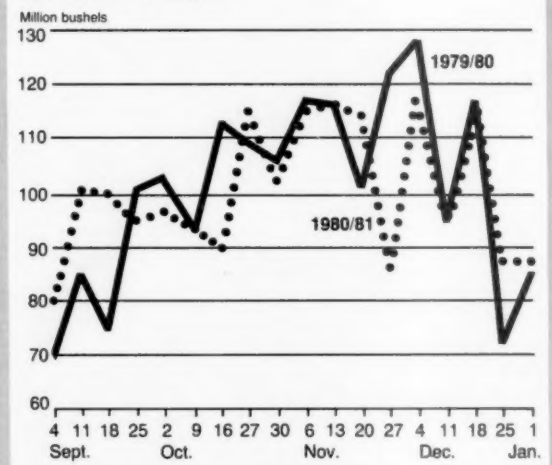


[1] Grains include corn, wheat, sorghum, barley and oats.
[2] Week ending on date given.

COMMODITY UPDATE

EARLY SEASON INDICATIONS CONTINUE TO SUGGEST THAT GRAIN PRODUCTION is likely to exceed world utilization in 1981/82 and that further global stock drawdown next season is unlikely, unless weather is unusually poor in major grain-producing countries. These indications, coupled with weak economic conditions in a number of countries and political tensions in Eastern Europe, have been key factors in the recent market weakness.

The overall volume of world grain trade should continue to expand, owing to a strong underlying demand from developing countries and moderate growth in the industrialized countries.

Although world grain trade is now expected to increase again in 1981/82, market conditions worldwide will depend heavily on what happens in the next few months to crop production, general economic conditions, and government policies. As farmers gear up for a major production boost in 1981/82—in response to relatively strong current prices, tight world grain supplies, and forecasts of firm demand—factors are at work that could lead to a possible reversal of the 1980/81 world stock drawdown. However, global stocks, especially of coarse grain stocks, are likely to continue to be tight, particularly in the event of major shortfalls in several key countries.

Postseason adjustments to estimates of the Soviet, Romanian, and Polish crops, and improved prospects for grain output in the Southern Hemisphere, have raised estimates of 1980/81 world grain production to 1,423 million tons. World trade in grains, including rice, is now expected to total 211 million tons during July-June 1980/81—1 million tons larger than the January 1981 estimate.

Total expected U.S. 1980/81 shipments remain unchanged at 119 million tons. Estimates of world carryout stocks rose only slightly to 151 million tons, despite the higher production and unchanged trade estimates, because all of the larger crops in the USSR and Romania are expected to go into consumption.

PRELIMINARY ESTIMATES FOR POULTRY MEAT AND EGG PRODUCTION for 1981 in the 38 major producing nations indicate increases will occur, but at a slower rate than in previous years. Rising feed costs, brought on by smaller feed crops in the United States and the USSR, plus weaknesses in the economies of several other nations, restricted world poultry meat and egg production in 1980 and will likely restrain the rate of growth in 1981.

Overall, poultry meat output in 1981 is expected to expand about 4 percent, down from a 5-percent expansion in 1980. Egg production is forecast at 345 billion eggs, 2 percent more than in 1980.

World trade in poultry meat continues to be mainly in broilers and turkeys, with the European Community (EC), the United States, Hungary, and Brazil leading in exports. Of the 1,380,000 metric tons of poultry meat exported in 1980, 47 percent was from the EC, 25 percent from the United States, 9 percent from Hungary, and 10 percent from Brazil. The dramatic rise of Brazil's broiler production and its emergence as a major subsidized broiler exporter, plus the EC's application of poultry meat subsidies to cover all destinations except the United States, point to increased competition in world poultry markets.

JUTE AND KENAF PRODUCTION IN THE WORLD'S MAJOR PRODUCING COUNTRIES of Bangladesh, India, and Thailand is estimated to have totaled 3,023,000 metric tons in 1979/80, slightly above the 1978/79 level of 2,989,000 tons. While there are no official data available on China's raw jute and jute goods production, unofficial sources report that China has entered the world jute market as a supplier of quality jute goods.

COTTON: WORLD PRODUCTION FOR 1980/81 IS ESTIMATED AT 65.2 MILLION BALES (480 lb net), 500,000 bales below the record 1979/80 crop, but 1.1 million bales above the January 1981 estimate.

As reported in Foreign Agricultural Service's *World Crop Production* circular of February 11, 1981, larger yields in the northern areas of the country lifted Chinese production to a record 12.1 million bales and accounted for the high world production level. U.S. cotton output is estimated at 11.1 million bales, considerably below the large 1979/80 level. The Soviet Union reports its second consecutive record seed cotton crop, estimated at 14.3 million bales of lint cotton. The previous Soviet cotton record was for 13.1 million bales.

U.S. cotton exports are forecast at 5.7 million bales, considerably below the 1979/80 level of 9.2 million bales. Exports during 1979/80 were the largest since those of 1926/27. U.S. export sales commitments during the first 6 months of 1980/81 totaled 5.1 million running bales, considerably below those in the same period of 1979/80.

WORLD LEAF TOBACCO OUTPUT MAY INCREASE as much as 5 percent during 1981, following a 5.2-million-ton crop in 1980. The 4-percent drop was primarily the result of lower output in Asia and South America. Increased production is expected during 1981 in all other regions except Africa. Flue-cured production, which fell slightly to 2.22 million tons during 1980, is expected to recover in 1981.

World cigarette production growth has slowed during the past few years with increases of less than 2 percent annually, compared with a 3-percent growth rate during most of the 1970's. Higher taxes, depressed world economies, and continuing antismoking campaigns worldwide are responsible for the sagging demand. The outlook is for the slowdown in the growth of cigarette output to continue for the foreseeable future.

World tobacco exports will likely stabilize at about the estimated 1980 level of 1.4 million tons. The U.S. share of world leaf trade is expected to continue to slip. With stable world exports, the U.S. export level is expected to trend slightly downward during the next few years. U.S. export demand in individual years will depend largely on quality factors.

UNITED STATES SUGAR IMPORTS IN CALENDAR YEAR 1980 totaled 3.8 million metric tons (mostly raw sugar), valued at close to $2 billion, compared with 4.4 million tons in 1979 worth $968 million. The increased 1980 value was the result of sharply higher sugar prices.

U.S. sugar exports during the same period jumped from only 14,310 tons in 1979 to 587,000 tons in 1980. Value increased accordingly from $6.6 million in 1979 to $328 million in 1980. Most of the exports were in the form of refined sugar, which benefited from U.S. "drawback" provisions under which importers pay duty on imports of raw sugar and are reimbursed when the refined sugar is exported.

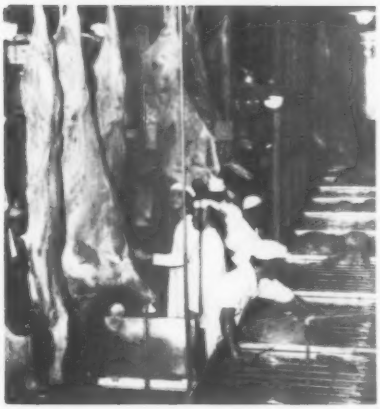
TOMATOES: WORLD PRODUCTION FOR PROCESSING IN 1980 dipped to 13.08 million tons, or 10 percent below the previous year's level. Primarily responsible for the decline was reduced output in Italy and the United States, brought on by oversupply of tomato products in Italy and a smaller harvested area in the United States. Exports of tomato products from European Community (EC) member countries to world destinations has been spurred by an EC processor subsidy, even though production of tomato products is declining in France and Italy.

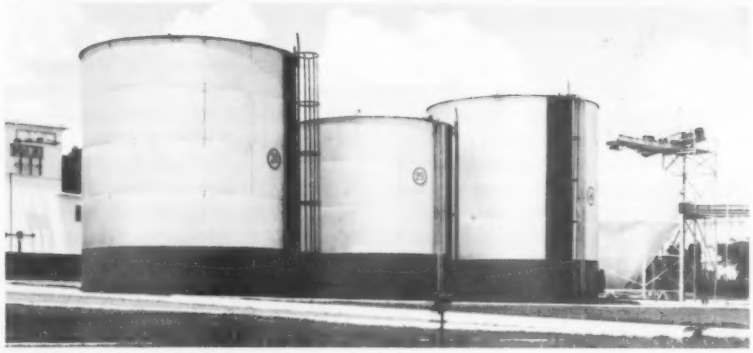
WORLD OILSEED PRODUCTION IS FORECAST AT 161.3 MILLION METRIC TONS for 1980/81, up 0.5 percent from the January 1981 forecast. Production increases in Chinese, Brazilian, and Pakistani cottonseed, and in Brazilian soybeans, are chiefly responsible for the larger world figure.

The value of U.S. exports of oilseeds and products for the first 3 months of fiscal 1981 totaled $2.7 billion, 15 percent less than in the comparable period of fiscal 1980. Reduced exports of soybeans, soybean oil, peanuts, and sunflowerseed accounted for most of the decline.

Brazil Pushes Agricultural Exports To Boost Foreign Exchange Earnings

By Peter J. Buzzanell





Clockwise from top left: Worker loading soybeans for movement to port in Brazilian State of Paraná; Brazilian meat packinghouse; storage tanks at oilseed crushing plant in Brazil; export bananas being loaded onto freight car. Brazil, already a major exporter of agricultural products, is trying to boost foreign sales to acquire more foreign exchange to help pay for imported petroleum and to service its foreign debts.

Brazil, a major producer of agricultural products, continues to look to their exportation as one way to acquire foreign exchange to pay servicing costs on their immense foreign debt of $50 billion and to import petroleum. With these costs expected to be sizable for some time to come, and probably to increase, it is likely Brazil's dependence on agricultural exports will strengthen in the future.

Brazilian petroleum costs for the first 9 months of 1980 amounted to $7.6 billion, up 77 percent from the amount spent in the same period of 1979, accounting for 44 percent of total imports. Mainly as the result of these high costs, Brazil experienced a $2.9-billion trade deficit for the first 9 months of 1980. A trade deficit of $3.0 billion to $3.5 billion was expected by the end of 1980, largely reflecting continued growth in the oil import bill, which was outpacing substantial gains from exports.

One of Brazil's trade goals for 1980 was to push total export earnings to the $20-billion level, 32 percent above the record $15.2 billion achieved in 1979. Agricultural exports were expected to contribute close to one-half of total exports. In late 1979, some Government officials forecast that $7.5 billion—75 percent of expected 1980 agricultural export earnings—would come from Brazil's four major agricultural export commodities: $3.0 billion from coffee, $1.0 billion from cocoa, $2.5 billion from soybeans, and $1.0 billion from sugar.

For the first 9 months of 1980, export earnings from these four commodities and their derivatives totaled $5.1 billion, compared with $3.9 billion in the corresponding 1979 period.

While substantial seasonal pickup in soybean exports enhanced earnings

The author is Assistant U.S. Agricultural Attaché, Brasilia.

during the second semester, lower cocoa prices and exportable supplies, combined with a recent downturn in coffee prices, somewhat reduced aggregate 1980 export expectations for the four commodities. As a result, combined exports probably ranged between $6.7 billion and $7.2 billion, but still represent a $1.4-$1.9 billion increase over 1979 earnings.

To achieve the $10-billion goal set for 1980 agricultural exports, such shipments would have had to rise $2.7 billion above 1979 exports. Although aggregate export earnings for the January-September 1980 period were up 31 percent over those of the same 1979 period, substantial fourth-quarter earnings from the four major agricultural export commodities, as well as from citrus, meat, tobacco, and oilseeds (in addition to soybeans), were critical to achieving the export goal.

According to the Bank of Brazil, the country can—by boosting total export sales at an annual rate of about 20 percent—achieve an export goal of $40 billion by 1984. Agricultural exports are expected to expand by about $2.5 billion per year, to reach a $20-billion level by 1984. Achievement of these optimistic goals—particularly for the agricultural sector—depends on the availability of a larger volume of exportable supplies, aggressive export marketing, growth in world demand, favorable prices, and efficient use of land resources.

The 1980 export goals, and those targeted for 1984, can be viewed as a continuation of the Government export expansion policy emphasized in recent years. As late as 1975, Brazil's total exports were only $8.7 billion, of which 56 percent was provided by agricultural exports, largely green coffee, raw sugar, and cocoa beans. In recent years, diversification of agricultural exports has accompanied the economic growth and expansion of the industrial sector. Without question, the most impressive export growth of any of Brazil's agricultural commodites has been exhibited by soybeans and soybean products.

Growth in exports of soybean-complex products, while the most spectacular in the agricultural sector, represents the advancement of but one of several groups of processed agricultural products that mushroomed during the 1970's. In 1979, for example, semi-manufactured and manufactured agriculture-based products earned $2.5 billion, compared with $1.2 billion in 1975, $800 million in 1973, and an average of only $200 million for the 1964-72 period. At the same time, exports of basic agricultural products also expanded.

Coffee formerly dominated Brazil's export trade, accounting for over 50 percent of Brazil's total exports in the second half of the 19th century and many years of the 20th. By the late 1950's, this share was still over 50 percent, but declining. In 1975, coffee's share of total export earnings was only 11 percent.

However, high coffee prices, following the July 1975 frost, have led to renewed dependence on coffee as a foreign exchange earner. Postfrost coffee earnings (both beans and soluble) peaked in 1977 at $2.6 billion, a rise of $1.6 billion from 1974 earnings. Coffee earnings in 1978 and 1979 remained strong, totaling $2.3 billion in both years as higher export volumes partially offset reduced prices.

In the first 9 months of 1980, green coffee exports of 9.7 million 60-kilogram bags earned $1.95 billion. This represented a 45 percent rise in volume and a 60 percent increase in value over the comparable 1979 period.

Sugar, one of Brazil's traditional and major export commodities, was a relatively erratic performer in the 1970's. Foreign exchange earned by sugar exports peaked at $1.3 billion in 1974, a year of exceptionally high prices. After 1974, sugar earnings declined in value, owing to a collapse in world sugar prices. Earnings from sugar (raw, crystal, and refined) in 1979 totaled only $364 million, and amounted to only 2.4 percent of total exports. In late 1980, however, sugar prices again headed upward in the face of an expected fall in world production to a level less than consumption, with a resultant drawdown in world stocks.

This situation is reflected in Brazil's greatly expanded sugar export earnings for the first 9 months of 1980, amounting to $909 million for 2.0 million tons. These shipments compare with 1.2 million tons valued at $220 million for the corresponding 1979 period.

The third major group of tropical products in terms of export earnings is cocoa beans and cocoa products. With the significant expansion of cocoa production during the 1970's (little of which was consumed domestically), export earnings, aided by improved prices, rose impressively. Cocoa beans climbed to a record $487 million in 1979, up 7 percent from the 1978 level and more than double the earnings in 1976. Cocoa butter, cake, and liquor exports reached a record of $448 million in 1979, compared with $133 million in 1976, and only $59 million in 1973.

The cocoa group in 1980 is experiencing a downturn in earnings resulting from a decline in world prices and reduced exportable supplies. Cocoa bean and product exports in January-September 1980 totaled only $458 million, down $231 million from earnings in the same period of 1979. Some recovery was expected in the last quarter of 1980, but combined earnings from beans and products still are likely to range between only $700 million and $750 million, considerably less than the record $935 million earned in 1979.

Exports of oilseeds and products trended upward in the 1970's. In 1979, for example, total exports of oilseeds and products were valued at $1.9 billion. Of this amount, 86 percent came from the soybean and product complex. Soybean meal alone accounted for 60 percent. For the first 9 months of 1980, exports of soybeans and products were up somewhat from those of the same 1979 period. With a record 15.0-million-ton soybean crop now on the market, Brazil is experiencing its usual second-semester surge in export volume. In addition, the recent price increase for soybeans—in part resulting from the U.S. drought in 1980—could bring higher earnings than in 1979.

Other major oilseed exports showing considerable earnings growth in recent years have been castor and peanut oils, bringing $107 million and a record $73 million, respectively, in 1979. Exports of all crude vegetable oils (including soybean) also showed earning increases, reaching $550 million from exports of 802,508 tons in 1979. Vegetable oil exports in the first 9 months of 1980 totaled $464 million from 735,251 tons.

Unmanufactured tobacco export earnings edged upward in the 1970's, reaching a record $284 million from record shipments of 126,325 tons in 1979, up 19 percent and 15 percent, respectively, from 1978's value and volume. In the first 9 months of 1980, tobacco exports, now in sixth place as an export commodity, ran 7 percent ahead of 1979's first 9 months' value.

Raw cotton exports, by contrast, have trended downward in recent years. The volume of 1979's exports was the lowest since 1909. Raw cotton exports for 1980

were expected to be equally small, reflecting the Brazilian Government's drive to encourage the export of cotton products—fabric and yarn—rather than of raw cotton. In 1979, exports of cotton fabric and yarn earned a record $266 million from record export volumes. Exports of these two items in the first 9 months of 1980 totaled $221 million, up 26 percent from the corresponding period of 1979.

Animal product exports attained record earnings in 1979, consisting of processed beef, $127 million, up 31 percent from the 1978 level; poultry meat, up 72 percent to $81 million; equine meat, up 3 percent to $47 million; and cured hides and skins, up 68 percent to $166 million. Wool exports earned a near-record $59 million.

Horticultural product exports in 1979 were valued at $448 million, with orange juice accounting for 66 percent of the total. Exports of frozen citrus juice concentrate have grown markedly in recent years—from only 181,000 tons, valued at $82 million as recently as 1975, to 308,000 tons and $296 million in 1979. Available data indicate that 1980 was another good year, as Brazil's orange crop is estimated at 8.8 million tons, compared with 8.0 million tons in 1979. Despite depressed prices—a result of larger world production—Brazil's orange juice earnings for the first 9 months of 1980 were 41 percent ahead of those of the corresponding period in 1979, with a 1980 value of $266 million, as higher export volume offset the lower prices.

Of the major agricultural product groups, only grains failed to show a continuing uptrend during the 1970's. Corn was Brazil's major grain foreign exchange earner; all the winter grains (wheat, barley, oats, and rye) were imported.

Corn export earnings reached a record $165 million in 1976 but were only $136 million in 1977. However, in 1978 and 1979—owing largely to poor Brazilian crops and larger domestic demand—the reduced corn outturn forced Brazil into the position of a net corn importer.

Following a rice crop in 1977 that earned a record $83 million from exports, rice was imported heavily in 1978 and 1979 to compensate for small crops those years and a drawdown in stocks. While the 1980 rice crop was expected to be a record, the Brazilian Government has authorized imports of 250,000 tons to rebuild stocks. □

South African Corn—II

Port Facility Growth Needed For South Africa To Meet Corn Export Potential in 15 Years

By James O. Howard

Extensive changes in storage, handling, and transportation facilities would be required for South Africa to export corn in the volume possible if the country's production potential is realized.

The first article in this series said that with the proper price stimulus, South Africa's corn production could rise to 20 million tons by 1995, with an exportable surplus of 8 million tons—over twice the current volume.

Existing facilities could not handle exports of that size, but changes underway might make it possible to do so within the next 10 years.

The most corn ever exported through South Africa's ports was 3.56 million tons in 1972/73. The volume available for export from the 1980 corn crop of 10.7 million tons will be about the same, or slightly more than the 1972/73 figure. Some 4.4 million tons a year appears to be the maximum amount that can move through the present system, which is barely able to take care of current needs.

Some observers believe the 1980 crop would have reached 12.5 million tons had not rainfall failed in part of the growing area. A crop this size would have resulted in a surplus of about 5.5 million tons, a volume that would have taxed both port and storage facilities.

On its way from farm to overseas markets, South Africa's corn passes through inland storage facilities, the country's rail system, and the port storage and handling equipment onto a ship. A breakdown or bottleneck in one part of the grain-handling system would immediately be felt in the other parts, and like any other interlocking system all parts must work at maximum efficiency.

Interior corn storage consists of bulk elevator facilities and sheds for bagged grain. In an emergency, bagged grain storage can be increased by using tarpaulins. Although bagged storage once played a significant role, the move to bulk storage has been strong in recent years. In 1966/67, there were only 1.7-million tons of bulk storage capacity, but in the next 12 years it was increased to 9.2 million tons. There also was capacity for storing 4.7 million tons of bagged grain, bringing the 1978/79 total to 13.9 million tons.

The 1980 crop of 10.7 million tons will put some 9.7 million tons into the commercial storage system. But as corn moves into the system at one end, it also moves out at the other. The maximum amount of corn held at one time in elevators in 1980 is estimated by the South African Maize Board at about 9.2 million tons.

Farm cooperatives own the bulk of South Africa's grain elevators—well over 90 percent of the total; 6 percent is owned by commercial millers and other grain processors, and 2 percent by other grain handling concerns. But these facilities would be unable to handle two 12.5-million-ton crops in a row, and the use of bagged storage would have to be increased markedly. This, in turn, would create problems on the farm owing to a lack of labor or facilities to bag large volumes of corn.

Elevators could do some of the bagging, but they charge for this service, and there could be problems in getting enough bags.

The Maize Board pays no more for bagged corn than it does for bulk corn. Therefore, there would be a rush by farmers to get their production into silo

Part I of this two-part series appeared in the February issue of *Foreign Agriculture*.

The author formerly was U.S. Agricultural Attaché, Pretoria.

storage units. This could create a bottleneck at the elevators for a short time.

The grain storage situation is continually reviewed by the Maize Board's Division of Operational Services and the Grain Silo Committee, a body chaired by an official of the Department of Agriculture and Fisheries, which includes members from the marketing boards concerned.

All applications to build additional grain-storage facilities need this committee's approval. Such approvals now are generally obtainable as the Maize Board believes more silos are required to alleviate what it sees as a shortage. However, the Board believes the time will come when construction proposals will be evaluated in terms of the production growth potential for the corn area adjacent to the planned building site.

For every ton of storage space built by Maize Board agents—and nearly everyone allowed to build a storage facility must be an agent—the Board pays a guaranteed storage fee, currently set at R1.82 per metric ton of capacity per year. In addition, there are payments made for the amount of grain actually handled but the R1.82 is paid whether the storage area is filled or empty. It is likely that in the next phase of storage constrution, the Board will weigh the cost of having unused storage capacity during years of small crops against the cost of expanding bagged storage during years of large crops.

Because the Maize Board now encourages construction of silos, inland storage capacity is increasing rapidly and is not currently seen as a major bottleneck.

South Africa has no inland waterways so most grain moves by rail. During the current harvest, 9.4 million tons of corn—including exports of about 3.5 million tons—will compete for transport with other products that move by rail, including large amounts of coal.

Three factors control the amount of corn that can be moved by train in a given period of time: The number of cars that can safely be pulled in one train, the capacity of the corn cars, and the required turnaround time.

Until recently all grain cars were fitted with vacuum brakes, which limited the number of cars that could be safely pulled in a train to 39. However, new cars are equipped with air brakes and, theoretically, 200 of these cars could be pulled at one time were it not for the limiting length of sidings.

Most rail lines to East London and Durban—the two major corn ports—are single track, requiring sidings if trains going in opposite directions are to use the same rights of way. Sidings are being lengthened but considerable time will be required to complete the task.

South African Railways has in service 800 of a planned 1,000 air-brake-equipped grain cars, plus just under 8,000 older-type cars fitted with vacuum brakes. All of the old grain cars carry 42 tons net, but a new generation of cars, carrying 53 tons, is being planned.

To reduce turnaround times, the railway company has devised what it calls unit trains. After being put into service, they are seldom broken up except for loading and are scheduled like passenger trains. Consisting of 50 of the new cars fitted with air brakes, the trains will be lengthened when longer sidings are built. Two unit trains leave the corn-growing area daily for East London and a third from the western Transvaal to a milling center near Johannesburg.

"Some observers believe the 1980 corn crop would have reached 12.5 million tons had not rainfall failed in part of the growing area. A crop of this size would have resulted in a surplus . . . that would have taxed both port and storage facilities."

However, for efficiency, unit trains must be loaded at a single elevator. There are just four South African elevators with sidings capable of accommodating such trains. At other locations, the trains must be split between two or three different elevators.

Use of these long trains also is being hampered at the ports where—for maximum efficiency—they must be unloaded immediately upon arrival. Late-arriving ships have delayed unit train unloadings, and train crews are kept idle because the differences between conventional trains and unit trains are sufficiently great that crews cannot be shifted.

South Africa's grain for export moves by train almost exclusively in bulk lots. The exceptions are so minor they are hardly worth considering, apart from the small amounts of grain destined for countries to the north, such as Zambia and Zaire.

Railroad officials believe they can move a great deal more grain than at present; and they are probably right. But if one or two crops of 12.5 million tons in succeeding years could cause problems, much improvement must be made during the next 15 years if the projected king-sized crops of that period are to be handled.

The Maize Board's sales policy calls for delivery of corn for domestic use from elevators close to urban centers, while corn for export comes from producing areas farthest from population centers, areas that are also long distances from the ports.

At present, only two ports are used for corn exports, although there are others at which only the construction of grain storage and handling facilities is required to open them to the trade. East London handles about two-thirds of the corn total (plus some wheat), and Durban handles the other third and most of the grain sorghum.

Most observers believe inadequate port facilities are the closest thing to a bottleneck, and many believe something must be done about it, not only to meet existing circumstances but to allow for future growth.

In addition to East London and Durban, there are, theoretically, several other ports that can be used for exporting corn. Starting with Cape Town and moving eastward, these are Port Elizabeth, Richard's Bay, and—in Mozambique—Maputo.

It is not clear why East London was chosen as the main grain port since Durban is closer, on average, to the corn producing areas. Perhaps there are technical reasons, in addition to Durban's congestion. Additionally, ocean freight rates from Durban to South Africa's major export markets are a bit higher than from East London, and these would offset part of the higher rail costs. Cape Town, the only other port with grain loading facilities, is invariably put into third place in importance because of its higher freight costs. Port Elizabeth, Richard's Bay, and Maputo are out for the present because they lack grain elevators.

Richard's Bay is an exciting new port built from nothing more than a swampy river mouth. It was designed to handle

bulk commodities—including grain—to and from the rich Transvaal. The port has been operating several years and its largest tonnage now consists of coal bound for Japan. Although the Maize Board has offered to build a grain elevator at the port, no grain facilities have been constructed. Some say the building plan has been scrapped, while others—including Maize Board officials—say it has just been postponed.

Maputo in Mozambique offers an interesting possibility since it is closer to South African corn regions than some South African ports. While there is no evidence it is being considered at the moment, Mozambique might be willing to build corn facilities at Maputo because they would attract considerable South African tonnage.

If handling schedules are met—and normally they are not because of the late arrival of ships—East London, Durban, and Cape Town can move 6.3 million tons of grain a year through their port facilities. At present, only one grain ship can be loaded in each port at a time, and this causes problems. Furthermore, if one ship is loading and others are waiting, demurrage costs can be quite high.

An official of South African Railways says it is working on plans to build a second East London grain loading berth next to the existing one and to enlarge elevator capacity, so that two ships can be loaded at once. This is still an "iffy" concept, and a construction time of 2 years was mentioned.

The Cape Town facility remains unused and South Africa can fall back on it in an emergency. But the facility is old, the loading rate slow, and there is an underwater rock that limits the capacity of ships that can use the facility. Apparently, some load half their cargo, pull out, turn, and back in so the other half can be loaded.

South Africa has studied the possibility of building larger and faster-loading grain facilities, but no action has been taken. The trade realizes that one reason the United States can ship grain to the Orient cheaper than South Africa is because the United States uses 50,000-55,000-ton ships, while the largest ship loaded in South Africa—even at high tide—is less than 30,000 tons.

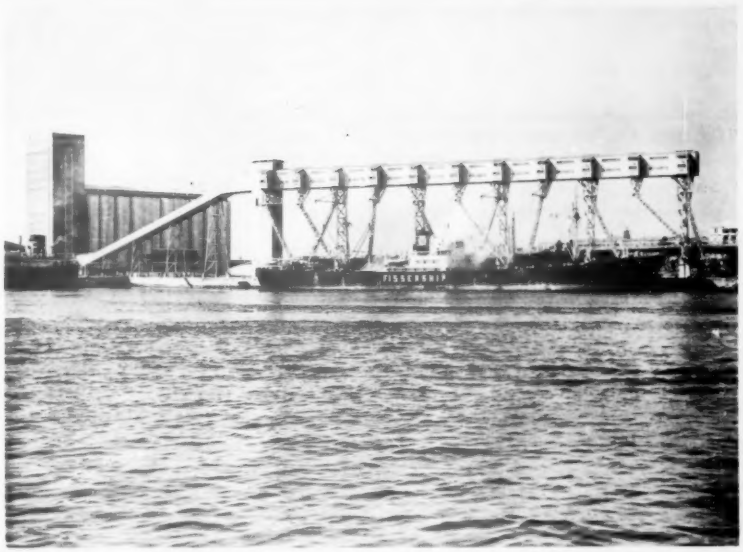
Present facilities, according to the Maize Board, allow movement through the grain ports each month of 24-26 cargoes of about 14,000 tons each. This equals some 340,000-360,000 tons a month, or about 4,080,000-4,380,000 tons a year. If pushed, it is believed that the ports might be able to move 28 cargoes a month (392,000 tons) for a short period.

Various calculations lead to the conclusion that the board's figure of approximately 4-million tons is reasonable and possibly can be exceeded somewhat. On a monthly basis, this would average some 333,000 tons.

Assuming that inadequate harbor facilities will cause a bottleneck, the suggested expansion in East London would raise the grain handling figure significantly. Should a facility be built at Richard's Bay to accommodate "super" ships, and should rail traffic not cause a problem, the increase in capacity would be dramatic.

So it appears that if South Africa had to export 5.5 million tons in 1980 from a 12.5-million-ton crop, its port facilities could have handled only 4-4.4 million tons. What was left over—aside from the small amounts shipped to northern neighbors—would have had to be carried over to a later year.

But where does this leave South Africa in the 1990's, when production might reach 20 million tons and the exportable surplus 8 million? This is a question that must be studied by South African authorities, and the time is short. □



From top: Grain loading facilities at South African ports of Durban and East London. East London handles about two-thirds of South Africa's corn exports, and Durban handles the other third.

Eastern Europe: An Active U.S. Agricultural Market With Strong Potential

Part I

By Judith G. Goldich

Exports of U.S. agricultural products to Eastern Europe, spurred by dramatic—although not unexpected—increases in shipments of wheat, feedgrains, tobacco, and cotton, reached nearly $2.3 billion in fiscal 1980[1], a 56-percent increase from the fiscal 1979 level.

The status of the United States as a reliable supplier of farm products, the wide range of bulk and processed agricultural commodities available from this country, plus marketing activities by USDA cooperators, put the United States in a strong position as a growing supplier of farm products to the area.

[1]Figures for 1980 are preliminary and do not include transshipments, which are estimated at $210 million in fiscal 1980, and $166 million in fiscal 1979. The region includes, for purposes of this article, Bulgaria, Czechoslovakia, the German Democratic Republic (GDR), Hungary, Poland, Romania, and Yugoslavia.

The author is an international economist, International Trade Policy, FAS.

A continuation of growth in U.S. exports to the region will depend on a number of factors. The first of these is the extent to which individual East European countries can attain self-sufficiency in production of the kinds of bulk commodities they now import from the United States.

For the most part these imports are channeled into livestock production. Efforts are being made to boost meat production and at the same time to increase the livestock sector's efficiency.

The East European countries could reduce the rate of growth in their imports of U.S. grains and oilseeds by making more effective use of the grains and other feeds already available to them. Thus some experts think that grain imports from the United States may stabilize or decline in the next 5 years.

However, it seems unlikely that the region will greatly cut back on its efforts to boost livestock production, since livestock products—particularly canned ham, but also other canned meats, poultry, and cheese—are important export items, and Eastern Europe's populace continues to demand more livestock products.

Another potentially more important factor that could limit Eastern Europe's agricultural imports from the United States is the shortage of funds for financing credit. The countries of Eastern Europe are all in debt to the West. Poland—with an estimated $23 billion in hard-currency debts at the end of 1980—is the most apparent, but the other East European countries all have substantial deficits in their hard currency balances of trade. The imbalances are financed mainly by borrowing.

Each of the East European countries would like to balance its trade with the West, rather than rely over the long term on the willingness of the banks to extend ever-growing credits.

Two options are available to reduce a trade deficit: the countries could cut back on their imports, or they could increase their exports to the West, including the United States.

U.S. agricultural trade with the region is out of balance, with U.S. exports far exceeding the value of East European imports. There are, however, a number of products from Eastern Europe now being marketed in the United States, and it is expected that marketing efforts will continue and probably accelerate. The products shipped to this country include canned meat (primarily ham), cheeses, wine, spices, fruits and juices, Turkish leaf tobacco, and a number of other miscellaneous items.

USDA Commodity Credit Corporation (CCC) commercial export financing is already available to Hungary, Poland, Romania, and Yugoslavia. This financing is helpful in effecting the export of bulk commodities, such as corn and soybeans. It also makes it easier for an importer to try out a "new" product, such as soy protein.

Bulgaria, Czechoslovakia, and GDR are not now eligible for U.S. export financing. It is unclear to what extent the lack of such CCC credits tends to hold down U.S. exports to these countries. The GDR, even without U.S. export financing, was the second most important U.S. market in Eastern Europe in fiscal 1980.

Finally, strong competition can be expected from the European Community (EC), Brazil, and Canada for some product markets. But competitiveness among many U.S.

Value of U.S. Agricultural Exports to Eastern Europe, by Country, Fiscal 1979 and 1980[1]

Country	Fiscal 1979	Fiscal 1980	Change from FY 1979
	....1,000 U.S. dollars....		*Percent*
Bulgaria	47,890	102,914	+115
Czechoslovakia	154,182	246,005	+60
German Democratic Republic	245,646	492,796	+101
Hungary	30,042	30,985	+3
Poland	450,332	638,179	+42
Romania	302,367	468,192	+55
Yugoslavia	231,662	302,187	+30
Total	1,462,121	2,281,258	+56

[1]Data exclude transshipments.
Source: U.S. Bureau of the Census.

agricultural exporters could result in flexibility in negotiating terms of large-volume contracts for wheat, corn, and other products.

Brazil would, undoubtedly, compete for sizable shares of East European soybean meal markets, although the United States would remain the most important supplier of soybeans. Additionally, new types of feed protein exports—such as single cell protein and rapeseed meal—may become increasingly popular and competitive.

Grain exports account for almost two-thirds of the total value of U.S. agricultural exports to Eastern Europe. They reached 10.1 million metric tons in fiscal 1980, well above the 6.3 million tons of fiscal 1979. Feedgrains, primarily corn—but also grain sorghum and barley, and small amounts of rice—account for nearly three-quarters of grain shipments to the region, going in sizable volume to every country but Hungary—which took only 2 tons of rice. Corn exports increased to 8.1 million tons for the year, with increased volume for every importing country but Yugoslavia.

U.S. wheat exports to the region also increased in response to a sharp decline in East European domestic production in 1979. Overall grain production in Eastern Europe (including Albania) for 1979 totaled only about 91 million tons, with output of wheat down 23 percent from that of a year earlier.

U.S. exports of soybeans and oilseed cake and meal to Eastern Europe showed substantial gains. Soybean shipments increased by two-thirds, with virtually all of the product going to Poland, Romania, and Yugoslavia. Oilseed meal shipments—predominantly soybean cake and meal—at 1.7 million tons, were nearly 25 percent ahead of those in fiscal 1979. However, exports of sunflowerseed and all vegetable oils registered a decline.

East European import demand for feedgrains and protein meals are, in general, a reflection of both short-term and structural problems. The poor grain and oilseed crops harvested in 1979 and the disappointing fodder harvest in 1980 in several countries, tended to make the demand for feed ingredients more pressing. Also adding to the pressure were continuing efforts to boost livestock production in the region, plus a reluctance to reduce herd numbers

Selected U.S. Agricultural Exports to Eastern Europe, Commodity By Country, Fiscal 1979 and 1980[1]

Commodity and country	Fiscal 1979		Fiscal 1980	
	Volume	Value	Volume	Value
	Metric tons	*$1,000*	*Metric tons*	*$1,000*
Grains				
Bulgaria	53,964	9,702	453,922	58,342
Czechoslovakia	661,617	81,773	1,150,659	172,823
German Democratic Republic	1,184,098	135,054	2,893,721	421,573
Hungary	0	0	2	2
Poland	2,262,564	275,682	2,933,628	375,707
Romania	1,028,440	114,250	1,672,116	238,248
Yugoslavia	1,095,655	125,706	1,036,352	171,802
Total	6,316,438	742,167	10,140,400	1,438,497
Vegetable oils				
Bulgaria	0	0	0	0
Czechoslovakia	4	6	0	0
German Democratic Republic	0	0	0	0
Hungary	0	0	0	0
Poland	28,304	18,338	12,631	7,681
Romania	0	0	0	0
Yugoslavia	4	4	0	0
Total	28,312	18,348	12,631	7,681
Oilseed cake and meal				
Bulgaria	116,026	25,456	152,677	35,486
Czechoslovakia	174,487	39,397	213,511	45,991
German Democratic Republic	468,658	106,950	324,651	69,135
Hungary	76,839	18,966	95,167	23,670
Poland	281,002	59,533	473,694	105,496
Romania	184,247	45,077	259,650	55,201
Yugoslavia	57,887	13,764	152,943	35,253
Total	1,359,146	309,143	1,672,293	370,232
Tobacco				
Bulgaria	168	749	1,187	6,379
Czechoslovakia	641	2,325	829	3,288
German Democratic Republic	0	0	12	57
Hungary	0	0	84	420
Poland	2,987	12,359	2,196	9,715
Romania	0	0	0	0
Yugoslavia	638	3,101	877	4,512
Total	4,434	18,534	5,185	24,371
Lemons				
Bulgaria	0	0	0	0
Czechoslovakia	1,083	397	4,700	1,453
German Democratic Republic	395	94	691	261
Hungary	0	0	0	0
Poland	20,798	7,288	3,591	1,574
Romania	0	0	0	0
Yugoslavia	0	0	0	0
Total	22,276	7,779	8,982	3,288
Cotton	*Running bales*		*Running bales*	
Bulgaria	0	0	0	0
Czechoslovakia	0	0	0	0
German Democratic Republic	0	0	0	0
Hungary	3,182	1,106	1,326	631
Poland	67,332	23,660	21,978	10,706
Romania	49,361	15,673	119,476	42,600
Yugoslavia	0	0	5,284	2,305
Total	119,875	40,441	148,064	56,241
Cattle hides	*Pieces*		*Pieces*	
Bulgaria	26,961	1,202	55,420	2,247
Czechoslovakia	566,180	23,513	492,062	16,235
German Democratic Republic	17,818	689	47,275	1,032
Hungary	187,788	8,238	104,112	2,685
Poland	483,882	17,817	587,663	22,502
Romania	1,606,510	67,761	1,122,326	36,552
Yugoslavia	658,087	12,012	559,420	16,601
Total	3,547,226	129,232	2,968,278	97,854

[1]Data exclude transshipments. Source: U.S. Bureau of the Census.

despite shortages of domestically produced feed.

Meat production in the region increased fairly fast in the 1970's as the various governments instituted programs to improve domestic diets. Grain production has been variable, owing mainly to weather conditions, and, while output has increased from 82 million tons in 1971 to a record 96 million in 1978, it declined to 91 million tons in 1979. In addition, the East European countries are nowhere close to being self-sufficient in oilseed production.

Rapeseed production dominates in the northern countries, with Poland the leading producer; sunflowerseed output dominates in the southern countries, with Romania the top producer. Neither oilseed is as a good protein source as soybeans, which are produced in small amounts in Romania, Bulgaria, Hungary, Yugoslavia, and Czechoslovakia. Rapeseed, produced throughout Eastern Europe, has both a high erucic acid level in the oil and toxic glucosinolates in the meal, which limit the quantity that can be blended into any given volume of compound feeds. Sunflowerseed, on the other hand, has a high oil content (up to 55 percent), and a relatively low meal content.

Other major U.S. exports to the region are cattle hides, tobacco, and cotton. Cattle hides were exported to all countries of the region, but exports of hides declined by more than half a million pieces from the fiscal 1979 total. Exports of U.S. tobacco, some of which is blended into American-style cigarettes manufactured in the region under license, grew in some cases. U.S. cotton shipments increased somewhat, rising from 119,875 running bales in fiscal 1979 to 148,064 in fiscal 1980.

Eastern Europe is a market mainly for bulk items. There is a potential for increased U.S. exports of these commodities, probably most strongly for oilseeds and products. The region also imports a number of other products from the United States. For example, in fiscal 1980, these countries imported $10 million worth of defatted soy isolates. These soy-protein products are commonly used as meat extenders, in candy, in artificial coffee creamers and milk, and in imitation meats. In the past, the region has been a market for U.S. breeding stock, although exports fell off somewhat in fiscal 1980.

A report by country follows in the next issue of *Foreign Agriculture*. □

Poland's Agriculture: More Bad News Ahead

By Edward Cook

With its economy buffeted by continuing labor unrest and political uncertainties, Poland last year experienced one of its poorest agricultural performances in recent history. Prospects for 1981 spell more bad news for the troubled agricultural sector.

Poland is currently undergoing a severe cutback in hog numbers and a significant reduction in cattle numbers as a result of an extremely tight feed situation. Grain production in 1980 was the second lowest since 1970. Following the smallest potato harvest of the post-World War II period, feed use of potatoes for the livestock sector will be only about one-third of the normal amount.

Elsewhere, results also were disappointing. Hay production in 1980 was off an estimated 15 percent from the year-earlier level, with the high moisture levels making the drying process difficult. Production of sugar beets was less than 65 percent of the 1976-78 average, with a sharp decline in per capita sugar consumption seen for 1981.

To counter the discouraging agricultural performance, Poland is hoping to boost imports of feed concentrates to about 10 million metric tons in 1980/81, if financing is available. About 40 percent of these imports are likely to come from the United States, largely through Commodity Credit Corporation programs. CCC credit guarantees of $670 million have been allocated to Poland for fiscal 1980/81.

In the past 2 years, most of Poland's farm imports from the United States have been covered by CCC programs.

Prospects for the country's 1981 harvest are not good. Because of delayed harvesting last year, sowing of winter grain fell 600,000 hectares short of the planned goal of 4.8 million hectares. In addition, crop development was unsatisfactory going into winter dormancy.

Although the 1980 grain harvest rose 1.9 million tons from the year-earlier level, the production of 19.2 million tons was the second lowest in the past decade.

Likewise, planting of the 1981 rapeseed crop—Poland's major oilseed—was completed on only 340,000 hectares, some 160,000 hectares shy of the planned target. Much of the crop was planted well beyond the optimal sowing dates.

Polish officials have indicated the likelihood of a shortage of quality potatoes for sowing this spring. Contracts for the export of seed potatoes are not being honored, and it is believed that the desired planted area for potatoes will not be attained this year.

Besides the disappointing grain harvest last year, Poland's potato production was estimated at 26 million tons, compared with 50 million a year earlier. Of the 1980 crop, only about 9 million tons will be available for feed as opposed to the normal feed-use of 27 million tons.

The situation is critical for the livestock sector because roughly one-seventh of the nation's total livestock feed (in oat unit equivalents) is supplied by potatoes. Most seriously affected will be hog raising in the private sector where potatoes provide about 40 percent of the feed.

With the 1980/81 refining season now completed, the country's sugar beet production is estimated at 9.9 million tons. This would be the smallest crop since 1959 and far below the 1976-78 average of 15.5 million tons and the 1979 harvest of 14.2 million.

Following poor crop development in the summer, the November frost caught about 30 percent of the sugar beet crop in the ground, destroying the feed value of the tops.

The author is an agricultural economist, International Economics Division, Economics and Statistics Service. He recently completed a survey trip to Poland.

As a result of the poor sugar beet harvest, Poland's refined sugar output probably will not exceed 1 million tons—around 500,000 tons short of domestic demand and well below recent production levels of about 1.7 million tons.

Government sources place the current production shortfall from all feed sources, including potatoes, at 4-5 million tons (grain equivalent) below the sub-par situation in 1979/80. An official at Rolimpex, the State agricultural import/export agency, recently stated that Polish imports of feed concentrates would need to increase from the 1979/80 level of about 9 million tons to 13 million in 1980/81 in order to simply maintain livestock herds. But imports of this magnitude are impossible because of financial constraints. Instead, the Government hopes to import about 10 million tons, of which 8.5 million would be grain and the rest oilmeal.

The Poles are likely to encounter problems in meeting these goals.

In 1979/80, they imported 7.7 million tons of grain and 1.3 million of oilmeal. Thus far this marketing year, Poland has purchased—on very favorable terms—some 600,000 tons of grain, mostly Soviet wheat, from within the Eastern bloc, plus 200,000 tons of feedgrains from the European Community (EC). This combined amount could make up the difference between 1979/80's actual grain imports and the goal for 1980/81—if other sources remain constant.

Therefore, Poland probably will need about 3.4-3.6 million tons of grain from the United States during the current marketing year. Of its total CCC credit guarantees for fiscal 1981, Poland has so far allocated $314 million for feedgrains, $60 million for wheat, and $205 million for other commodities—leaving $91 million to be allocated. Even if all of the remainder were designated for grain, it would not be enough to reach the desired import level.

In light of the drawdown in livestock numbers and the unfavorable outlook for 1981 crops, Poland's import level of concentrated feed in 1981/82 most likely will be similar to that of 1980/81. However, the amount that Poland can afford will again be strictly conditional on the availability of financing from all credit sources.

As a result of the poor sugar-beet harvest and low sugar output, Poland has bought large amounts of sugar in

Continued on page 31

Farm Trade Policies in '80's: Focus on Implementing MTN, Adapting to Changing Needs

By George E. Rossmiller and Michael J. Dwyer

The decade of the 1980's begins a new era in agricultural trade policy formulation and implementation—an era that will build on results of the Tokyo Round of Multilateral Trade Negotiations and changes in the world environment within which trade takes place.

Agricultural trade will be conducted amid pressures that took shape in the 1970's and are emerging full-blown in the 1980's. Among them are the clamor of developing countries for a larger role in the international economy; increased trade participation by countries where state agencies do the buying and selling; inflation and still-higher prices for imported oil; and a narrowing balance between world food production and world food requirements.

These forces complicate—and add urgency to—the task of implementing the agreements reached in the Tokyo Round of Multilateral Trade Negotiations (MTN), which ended in 1979 with far greater results and implications for agriculture than any previous round of negotiations.

The U.S. negotiating strategy during the Tokyo Round was to seek improved export opportunities and stability through improved trading rules and workable consultative arrangements. At the same time, tariff concessions were sought on products with high growth potential.

In the end, the United States received concessions on agricultural products amounting to almost $3.8 billion in trade and granted concessions on approximately $2.4 billion.

Also coming out of the MTN were international commodity arrangements for dairy products and beef. These agreements provide for consultation and the exchange of information. In the case of dairy, they also set world floor prices for cheese, butter, and skim milk products.

In addition, the MTN resulted in new codes to deal with nontariff problems. These new trading rules provide the framework for a more cooperative and constructive approach to international agricultural problems and for expansion of world agricultural trade over the next decade. If properly implemented, the nontariff codes could have an even greater impact on U.S. farm trade than the duty reductions gained in the MTN.

The MTN codes are important because they provide detailed guides to what should and should not be allowed in international trade—guides that go beyond the corresponding provisions of the General Agreement on Tariffs and Trade (GATT). The text of the GATT itself is a relatively short document of less than 80 printed pages, whereas the MTN codes will occupy several times that much space. The codes provide many new rules that must be applied and interpreted on a case-by-case basis over the next generation. The new rules and consultation procedures and more carefully drawn settlement procedures will enable all countries signing these codes to bring agricultural and industrial problems under closer international scrutiny with a greater opportunity for the resolution of differences. Of course, many new rules will not be available to (and in some cases cannot be applied against) countries that do not sign them. So far, most developed countries have signed the codes, but many of the more than 70 developing countries that participated in the Tokyo Round have not.

The two codes most important for agriculture are those on subsidies and standards—the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the GATT and the Agreement on Technical

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Dr. Rossmiller is Assistant Administrator and Mr. Dwyer an international economist, International Trade Policy, FAS. □

Barriers to Trade.

Subsidies. Almost every agricultural product of significance is subsidized in export trade by some government somewhere in the world. The United States is almost unique as a country that does not presently employ direct export subsidies for agricultural products, although it has the authority to do so and can use that authority if deemed appropriate. This means that often American farmers must compete abroad, not only with other farmers, but with other governments.

The code places conditions on the use of export subsidies for agricultural products to ensure that such subsidies do not result in a country having "more than an equitable share of world export trade in such product" or "prices materially below those of other suppliers to the same market." Finally, recognizing that domestic subsidies "are widely used as important instruments for the promotion of social and economic policy objectives," guidelines were established regarding use of such subsidies. To assure that the objectives of the negotiations were achieved, a comprehensive dispute settlement procedure was included.

Signatories, including the United States, are to apply countervailing measures to each other's products only when subsidies are found to cause or threaten material injury to a domestic industry. Key provisions in the subsidies code include:

- A prohibition against the use of export subsidies on nonprimary products.
- Greater discipline in the use of export subsidies for agricultural products, prohibiting their use in a manner that displaces the exports of others or involves material price undercutting in a particular market.
- An explicit recognition of the need for limits on domestic subsidies.
- A recognition, where domestic subsidies are granted, that there may be possible adverse effects on trade—thus committing the signatories to take into account conditions of world trade and production when fashioning subsidy practices.
- Special and differential treatment for developing countries whereby such countries agree not to use export subsidies that adversely affect the trade or production of other signatories and agree to try to phase out their export subsidies on nonprimary products.
- A comprehensive dispute settlement procedure to enforce discipline under the code.
- Greater disclosure in subsidy practices, including provision for notification to the GATT of practices of other countries, and greater transparency in the administration of respective countervailing duty laws.
- A right to impose countervailing duties in a manner that provides prompt relief to the injured domestic industry in the importing countries, while imposing appropriate safeguards to ensure that such remedies are consistent with open and fair procedures.

Beyond these specific rules, countries now have the right, which they did not have before, to require information from other code signatories on subsidies that they may be granting, and to seek authority for counter measures against another country that uses export subsidies.

U.S. producers will be protected from subsidized imports into the U.S. market by countervailing duty laws. Such duties can be applied wherever there is an International Trade Commission finding of material injury to U.S. producers; time limits are established under the U.S. Trade Agreements Act of 1979 to assure that the necessary investigations are completed promptly. In critical circumstances, when there are massive imports of a product over a short period of time, countervailing duties can even be applied retroactively.

Standards. It is the right and obligation of every government to protect the health and safety of its people, its plants, its animals, and its environment, and to help protect consumers from being deceived about the products they buy. Drawing up international rules in this area verges on trying to negotiate the nonnegotiable. Governments sometimes use these technical regulations in ways that provide unnecessary barriers to trade and often draw up such regulations without an adequate opportunity for interested citizens, even in their own countries, to make their views known while regulations are still in the draft stage.

The new standards code calls upon countries to establish much more open procedures in drawing up regulations and to allow comment from the public or from other governments. Procedures are also provided for resolution of disputes when a country feels that another country has used such a regulation to create an unnecessary barrier to trade.

One of the major benefits of the code, and an information management problem for the United States, will simply be the process of collecting—and disseminating—information on foreign standards.

To assist this information-gathering and rule-making process, technical offices have been established in the Department of Agriculture for agricultural products and in the Department of Commerce for other products. The National Bureau of Standards is the repository for foreign standards regulations affected by the standards code.

Other Agreements. Other codes or agreements of general interest concern antidumping measures (as distinguished from subsidy/countervailing duty measures), customs valuation, government procurement, import licensing, certain texts "concerning a framework for the conduct of trade," and the bilateral agreements worked out between the United States and a number of its trading partners.

The MTN agreements can be effective vehicles for liberalizing world trade, but only if they can be made to work. This will require unprecedented international cooperation in interpreting and adhering to the new trading rules in a

Continued on page 32

GATT—and Its Role in the MTN

GATT—The General Agreement on Tariffs and Trade—is a multilateral agreement subscribed to by over 80 nations, which together account for more than four-fifths of world trade. Its basic aim is to liberalize international trade and place it on a secure basis, thereby contributing to the economic growth and development of signatory nations. GATT is the only multilateral instrument that lays down agreed rules for international trade. Since its implementation in January 1948, GATT also has functioned as the principal international body concerned with international trade relations and negotiating the reduction of trade barriers, as in the Tokyo Round. GATT is thus both a body of trade rules and a forum in which nations can discuss their trade problems and negotiate further trade liberalization.

Spanish Agriculture Prepares For EC Accession

By Leon G. Mears

Spain's accession to the EC, expected in 1984, will have a profound effect on the country's agricultural production and foreign trade.

Recent farm policy changes and various modernization programs now underway all are aimed at preparing Spain's agricultural sector for eventual accession. Market opportunities within Spain for most U.S. agricultural products—particularly corn and soybeans, which have accounted for a large share of U.S. agricultural exports to Spain in recent years—are not expected to be substantially affected by Spanish accession. But competition from several Spanish products will increase in other traditional U.S. markets.

Spain formally requested EC membership in July 1977. Negotiations are underway and are expected to be concluded sometime in 1982 or 1983. The actual accession date is generally forecast as January 1, 1984, with a transition period of several years from that date to allow Spain to bring its policies and programs into line with those of the EC.

With Spanish accession, the Community's agricultural sector will be much larger and—most observers believe—considerably more complicated. According to studies by the EC Commission, Spanish membership will increase the Community's total agricultural area by 27 percent, irrigated land by 80 percent, its employed agricultural population by 28 percent, and the total number of farms by 30 percent.

Spain is the second largest country in total area in Western Europe (after France), and its recent agricultural growth and generally favorable prospects for future development are receiving considerable attention in the discussions with current EC members. During the last two decades, Spain's agricultural production has expanded at a pace unmatched by any other country in Western Europe. Modernization of Spanish agriculture, now progressing rapidly, is the primary factor behind this impressive boost in farm output, which has made a major contribution to overall development of the economy, supplied growing domestic food needs, and made available larger quantities of foods and beverages for export.

It is becoming increasingly clear that the farm sector has played—and is playing—a much more important role in the overall economic development of Spain than was generally recognized. This recognition will likely result in more interest being paid to the agricultural sector and greater allocation of resources for further development in the years ahead—particularly after EC membership becomes a reality.

More productive use of land now under irrigation and further irrigation of dry land in semiarid regions are expected to receive particular emphasis in future modernization plans. Only a small share of the irrigated area is currently utilized for more than one crop per year. But, according to Government experts, double cropping is feasible in several important agricultural areas, particularly in southern Spain. As a result, Durum wheat, rice, and fruit and vegetable production is likely to increase, and Spain may achieve greater self-sufficiency in tobacco and cotton output.

Spain's adoption of the Common Agricultural Policy (CAP) will strongly affect Spain's production trends, and the EC tariff schedule and import regimen will affect both the level and direction of Spain's agricultural trade. Spain has traditionally been a large exporter of agricultural products and such exports are expected to increase after EC accession.

In 1980, Spain's agricultural exports reached a record $3.8 billion, with about 60 percent going to current EC members. This share is expected to increase with EC membership.

Spain's principal agricultural export items are citrus fruits fresh vegetables, wines, soybean and olive oils, edible tree nuts (mostly almonds), fresh deciduous fruits, processed vegetables, and table olives. Several of these commodities—particularly citrus fruits, almonds, and edible oils—compete with U.S. products. Also, Spanish exports to other EC countries of long-grain rice and Durum wheat are expected to be substantial after Spain's accession, and this also will mean increased competition for U.S. grain exports. Spain's exports of feed barley may be sizable after Portugal's accession.

Together, Spain's production of olive oil, soybean oil, sunflower oil, and other less important edible oils currently exceeds its annual edible oil consumption level by some 525,000 metric tons. Domestic output of sunflower and soybean oils is expected to continue to expand in the years ahead, and olive oil production will likely remain at about the current level. Spain is expected to continue to be a major world exporter of olive oil and soybean oil after accession. However, the present system of protection for olive oil at the expense of seed oil consumption is expected to be discontinued following full integration into the Community.

Spain is currently the EC's leading supplier of oranges, tangerines, and lemons, which benefit from a 40-percent preferential reduction in EC duties. Accession is expected to bring duty-free entry and reference-price (minimum-import price) protection from non-EC imports.

This will tend to encourage these countries to intensify their search for alternative markets and to attempt to market greater quantities of fruit in the more profitable "summer" or off-season, when most U.S. orange exports are shipped. Also, Spanish lemon production is expanding, and entry into the EC may also have adverse effects on U.S. lemon exports to the Community.

After the United States, Spain is the second most important supplier of almonds to the large EC import market. Almond area in Spain has increased sharply in the last decade, and growers are still planting more trees, partly in anticipation of EC entry. Year-to-year output of almonds is expected to trend upward, but production will continue to fluctuate

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Mr. Mears is U.S. Agricultural Attaché in Madrid.

widely, reflecting periodic frosts and droughts. Nevertheless, Spain's proximity to EC markets, combined with future duty-free access, will mean greater competition for U.S. almonds suppliers in most years.

Spain normally is among the top 10 world markets for U.S. agricultural products. In fiscal 1980, U.S. agricultural exports to Spain reached a record $1.5 billion, including transshipments through Canada and exports to the Canary Islands. Spain's agricultural imports from the United States are primarily raw materials needed to support the mixed-feed, oilseed-crushing, textile, leather goods, and cigarette industries. A significant dollar share of these imported items are exported after processing into finished goods such as textiles, shoes and other leather products, and edible oil.

Most agricultural products currently imported by Spain from the United States also are being imported in large quantities by the members of the EC. Therefore, U.S. export opportunities in the Spanish market for such key items as soybeans, cotton, corn, tobacco, hides and skins, and tallow are not likely to be affected significantly by Spain's EC accession.

Traditionally, about 80 percent of the total value of U.S. agricultural exports to Spain has been soybeans and feedgrains needed to support its large livestock and poultry industries. EC accession will bring important changes to these industries, as well as changes in the production and trade patterns of the raw feed materials they utilize. Spain's imports of soybeans will likely continue to trend upward, and feedgrain imports—mostly corn—are expected to continue at the 4 to 5-million-ton annual level of the past 5 years.

Spain has been unsuccessful in efforts to expand soybean production, mainly because of climatic constraints, and farmers will likely continue to favor other crops yielding a higher return. This has been true in the EC as a whole, where soybean production continues to be negligible relative to imports. Furthermore, expected greater future usage of nongrain feed ingredients such as manioc, beet and citrus pulp, and others will tend to increase the need for soybean meal since these ingredients are generally low in protein.

Demand for imported corn will continue strong after EC accession, particularly if Spain's pountry industry is successful in current efforts to develop large poultry export markets in the Middle East. Domestic corn area, largely irrigated, is not expected to increase significantly in the future because of competition from other (higher return) crops for the limited irrigated land. After EC accession, sizable imports of corn are expected to come from southern France, particularly for the important poultry and swine production areas of northeastern Spain.

These corn imports from France, however, will likely be at least partially offset by corn exports to Portugal from the important corn producing areas near Badajoz in southwestern Spain. Therefore, most observers see Spain's corn imports from non-EC suppliers continuing at roughly 4 million tons per year.

Spain has significantly increased barley and wheat yields in recent years through better management in semiarid regions and widespread use of improved seeds. Barley output in 1980 reached a record 8.6 million tons while wheat output also set a new record of 5.9 million tons, about 1.5 million tons above normal domestic wheat consumption.

Both wheat and barley production will continue to fluctuate widely from year to year, reflecting variable rainfall conditions. But after EC accession, Spain will likely be an active trader of these grains with its EC neighbors.

Spain's exports of Durum wheat to other EC countries is expected roughly to offset imports of other wheat in most years, but Spain will likely be a sizable net exporter of barley, with most of the exports going to Portugal.

Most observers believe that Spain will likely be self-sufficient in total meat production after EC accession, with exports of lamb and poultry meat offsetting imports of beef. Both poultry and lamb production could be expanded rapidly to meet any increase in export demand.

Spain's efficient broiler industry is the largest in Europe, and domestic per-capita poultry-meat consumption is already among the highest in the world. Future growth of Spain's poultry industry will be closely linked to export opportunities, either within the EC or markets in the Middle East.

Pork production expanded at a rate of about 7 percent per year in the 1970-79 period, yet sizable imports were also needed from other European producers to meet the sharply expanding domestic demand for pork products. Spanish per-capita pork consumption, however, now has reached a relatively high level and—like poultry meat consumption—future increases in domestic consumption will come more slowly. In contrast to the poultry meat situation, export opportunities for the swine industry are limited by the incidence of African Swine Fever in Spain.

Beef production in Spain has lagged well behind domestic demand, largely owing to the lack of forage supplies in Spain's semi-arid regions—particularly during the dry, hot summer months—and Spain's antiquated beef marketing system. The Government recently launched major programs aimed at improving pastures, expanding production of hay and silage, and stimulating greater usage of available roughage, such as citrus and beet pulp, and wheat and barley straw.

Rice production and exports are expected to increase with EC accession. In the past, the Government of Spain has limited the area utilized for rice production to hold down surplus disposal expenditures. Exports have averaged about 70,000 tons annually in recent years, and have only been possible through Government subsidies.

Comprehensive long-term production programs have recently been launched for cotton and tobacco. The basic objectives of these programs are to increase rural employment and reduce imports of these commodities. Long-range production prospects are uncertain at this time because of the limited availability of irrigated land in areas suitable for expansion of these crops, and competition from alternative crops.

Assuming continued price competitiveness with other suppliers—such as Brazil and Argentina—and continued trade servicing and other market development efforts, U.S. exporters should be able to continue to expand sales of most of the agricultural raw materials needed by Spanish industries. Furthermore, when Spain accedes to the EC, most of the rigid import restrictions now in effect for processed foods are expected to be eliminated. □

Kenya's Farm Problems Retard Economic Growth

By Abraham Avidor

In contrast to many other developing nations, Kenya until recently has experienced a state of relative prosperity, even though it has no oil reserves or mineral deposits of any consequence and must, therefore, rely on agriculture to support its economy. Today, however, Kenya faces serious tests emanating from food shortages, high population pressure on arable land, and rising energy costs—all of which could severely dampen the country's state of well-being and retard its future progress.

Some 80 percent of the population, currently estimated at 16 million, live in rural areas and depend largely on subsistence farming for a livelihood. Kenya's main exports are agricultural and its processing industries are related to agriculture.

The importance of Kenya's agriculture has risen in recent years because of the need to increase food production for the rapidly growing population and because farm exports account for an increasing share of total exports.

Until recently, Kenya was able to produce sufficient food for its people, despite the extreme scarcity of arable land in relation to population. Beginning in late 1979, however, severe shortages of food developed in Kenya as a result of prolonged drought, combined with shortages of farm inputs, inadequate farm prices, and what some consider unduly large exports of corn by the Goverment.

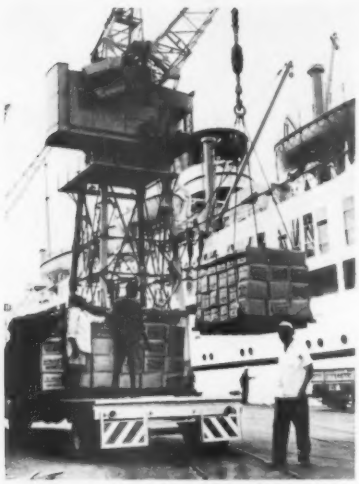
The food supply situation has improved somewhat since early 1980, when food lines plagued the country, but there are reports of severe shortages—primarily in the cities and the northern arid districts. Under these conditions, the Kenyan Government finds it difficult to maintain an orderly grain marketing flow from the rural areas to the cities.

Food in Kenya has, in essence, become an important economic issue. Kenya's second President, Daniel Arap Moi—who took over in August 1978 after the death of national founder, Jomo Kenyatta—is giving high priority to solving the present food crisis. Accordingly, the Government, during 1980, increased producer prices for grains, established credit to enable farmers to purchase farm inputs, allocated funds to build commodity buying and storage centers, and asked donor nations—especially the United States, Australia, and the United Kingdom—for food aid. Despite these measures, Kenya will probably need to continue to import substantial amounts of food—especially grains—during 1981.

Kenya's present 4-year development plan, launched in early 1979, aims at increasing food production and encouraging rural development by subdividing large farms into smaller units and leasing them to landless farmers, thereby improving production, employment, and income distribution in rural areas. However, Kenya's deteriorating balance of payments constrained financing of development efforts in 1980.

Of increasing importance in Kenya's long-range economic development is

The author is an international economist in the Trade Policy Division, FAS.



Clockwise from above: Kenyan workers examining tea leaves at a reception center; packing choice pineapples for the export market; dehydrated vegetables being loaded for export at a Kenyan port.

the pressure placed by its rapidly growing population on the nation's limited natural resources, especially arable land. Kenya's population in recent years has been growing by an estimated 4 percent per year—one of the highest rates in the world.

And with growth in gross national product (GNP) in 1979 and 1980 below 4 percent, per capita GNP is stagnant, if not falling. The average Kenyan farm woman bears eight children, and, with the great strides being made in rural health care, most of them grow up. Moreover, most of the population is under 25, suggesting that the present sharp rise in population numbers may be sustained in the future.

Until lately, there has been sufficient land for everyone wanting to farm, but scarcity looms for the next generation unless vast semiarid regions are reclaimed at enormous cost. Heavy population pressure on land has been one factor in the strong migration to the cities where high unemployment exists.

Energy problems are also posing a big threat to Kenya's economy which is highly dependent on foreign oil. At present, such oil constitutes about four-fifths of total consumption of energy, and its cost already surpasses the value of exported coffee. The oil-induced trade deficit also has led to increasing borrowings and restrictions on other needed imports.

Reflecting oil and food price increases, inflation in Kenya hovered at about 13 percent in 1979 and probably higher in 1980, despite Government efforts to restrain wages and slow down the economy.

Kenya's export performance in recent years has suffered from its perennial reliance on unstable earnings from coffee and tea, the effect of fluctuating world prices.

After a brief balance of payments surplus in 1979 and early 1980, Kenya's external deficit has reappeared, and large deficits are projected for the next few years.

A factor contributing to Kenya's reduced exports in recent years has been the collapse of the East African Community, a trade bloc consisting of Kenya, Uganda, and Tanzania.

However, the Community ran into serious political problems in 1977, and broke up in July of that year. The closing of the border with Tanzania not only reduced Kenya's exports to Tanzania but also to Zambia. However, Kenya continued to trade with its other partners, including the United States.

Total U.S. farm exports to Kenya jumped from $3 million in 1979 to $36 million in 1980, largely because of substantially larger wheat, rice and corn shipments. Consisting mostly of coffee and tea, U.S. agricultural imports from Kenya totaled $48 million in 1980, up 13 percent from the previous year's level.

The Kenyan coffee industry had a good year in 1979/80 when a sizable increase in harvested area, coupled with timely rains at the end of the season, led to an estimated coffee production of 88,000 tons, compared with 74,000 tons in 1978/79.

Coffee prices remained firm throughout the first half of 1980, but dropped sharply during the second half of the year.

Total exports in 1979/80 probably reached 83,000 tons, a rise of 13 percent from the year-earlier level. West Germany—and to a lesser extent the Netherlands, Italy, and the United Kingdom—were Kenya's main coffee markets in 1979/80. However, a reversal in Kenya's coffee export fortunes is expected in 1980/81 in view of inadequate coffee tree flowering early in the season—a result of the drought—coupled with depressed world prices.

Production of tea, Kenya's second largest cash crop, continued its series of good years in 1979 and 1980, but without noticeable increases in foreign exchange earnings. At 99,000 tons, Kenya's 1979 tea production again reached a record level, giving rise to record exports of 94,000 tons.

Dry weather caused estimated tea production and exports in 1980 to fall below the 1979 level. World prices for tea remained firm in the first half of 1980 but fell in the second half of the year.

The United Kingdom is Kenya's largest tea market, followed by Pakistan and the United States. In 1979, Kenya surpassed India as the major supplier of tea to the British market—the world's largest purchaser.

Kenya's pineapple production has increased steadily since the mid-1970's. Pineapples are now Kenya's third most important export product after coffee and tea. Most of the pineapples are processed for export and have a value of around $30 million per year. Kenya's pineapples are shipped primarily to the EC countries, especially to West Germany, whose share of Kenya's pineapple exports has grown in recent years.

Corn is the principal grain grown in Kenya, utilizing more than one-half the arable land. It is also the main staple of the Kenyan diet, normally providing nearly one-half of the people's caloric needs. Lately, corn also has been gaining in importance as animal feed, although such use is still relatively limited.

Reflecting unusually low yields resulting from the drought, together with reduced plantings because of lower farm prices, corn output in 1979/80 (July-June) fell to an estimated 1.4 million tons from the 1977/78 record of 2.2 million tons.

To boost production in 1980, the Government has raised the producer price for corn and introduced a new credit scheme to support the purchase of farm inputs. However, because of drought and inadequate returns to producers (the Kenyan corn price is well below the world market price), the 1980/81 corn crop is estimated at only 1.8 million tons. The United States will ship to Kenya in fiscal 1981 approximately 70,000 tons of corn under Title I of the P.L. 480 program.

Wheat is the second major grain grown in Kenya. The 1979/80 (July/June) crop was 165,000 tons.

To encourage production in 1980, the Government raised the producer price for wheat by 25 percent early in the year and established credits to assist small producers. The 1980/81 wheat crop is expected to recover somewhat from the 1979/80 level, but increased imports are anticipated.

Kenya's cane sugar industry has been growing steadily since 1976 and is now a bright spot in the economy. Kenya achieved self-sufficiency in sugar in 1979, 3 years ahead of schedule. The area under cultivation in 1979 increased 10 percent from the 1978 level, resulting in an output of 400,000 tons.

Kenya exported about 90,000 tons of sugar in the first 5 months of 1980, when the Government imposed a ban on further exports to ensure sufficient strategic reserves. Considering the rate of expansion in production, the prospects of Kenya becoming a major exporter of sugar within the next few years seem good. □

FACT FILE

Imports Add Spice, Variety to U.S. Living

Agricultural imports add spice to our daily living—literally and figuratively. They are our source of many spices, tea, and cocoa. They supply most of our coffee, bananas, olives, carpet wools, and silk, and a smaller proportion of other raw and finished agricultural goods. They also create thousands of off-farm jobs in their handling and distribution.

In fiscal 1980 the United States was among the world's largest importers of agricultural products, along with West Germany, the United Kingdom, and Japan. However, our $17.3 billion worth of farm product purchases from overseas represented less than a tenth of the value of all U.S. imports.

U.S. imports of farm products consist mainly of those not produced in this country (like coffee, the biggest agricultural import by far), those not produced here in quantity during all seasons of the year (like fruits and vegetables), or those for which other countries have a significant cost advantage (like sugar).

Complementary Imports

Roughly two-fifths of U.S. farm imports are complementary products—in other words, they are not grown in this country in sufficient volume to be truly competitive with U.S. production.

Leading complementary imports are coffee, cocoa, crude natural rubber, bananas, spices, and tea.

Since 1960, complementary imports have increased very little in volume, but their value has risen nearly fourfold as prices have increased. However, their share of the total value of U.S. agricultural imports has decreased from about half to 43 percent last year.

Leading Complementary Imports, Fiscal 1980
[In million dollars]

Commodity	Value
Coffee	4,493
Cocoa	968
Rubber and allied gums	834
Bananas	430
Spices	140
Tea	133
Total	7,351

Supplementary Imports

Nearly three-fifths of U.S. imports are classed as supplementary—meaning they are at least partially competitive with U.S. farm products. However, many of these items, such as fruits and vegetables, are imported mostly at seasons when U.S. production is small. Others, such as certain specialty cheeses, certain types of hides and skins, and various types of oriental tobacco, are varieties or types not produced in this country in enough volume to meet domestic demand.

Besides meat and meat products, the leading supplementary import items are fruits, nuts, and vegetables, sugar and related products, wines, and malt beverages.

Since 1960, the volume of supplementary U.S. imports has gone up about 75 percent, while the value has multiplied five times. In 1960, these items made up 49 percent of total U.S. agricultural imports, while today their share is up to 56 percent.

Leading Supplementary Imports, Fiscal 1980
[In million dollars]

Commodity	Value
Meats and meat products	2,277
Sugar and related products	1,843
Fruits, vegetables, nuts	1,653
Wines and malt beverages	1,035
Other vegetable products	657
Oilseeds and products	617
Dairy and poultry products	532
Other	1,304
Total	9,918

Developing World: Major Source of Imports

Many of the most important suppliers of agricultural products to the United States are developing nations whose economies are predominantly agricultural. These countries depend heavily on sales of their main crop or crops to the United States for foreign exchange earnings.

In fact, exports from developing countries accounted for two-thirds of all U.S. agricultural imports in fiscal 1980.

Leading Supplier Countries

While the United States imports agricultural commodities from more than 130 countries, 10 supply more than half of these imports.

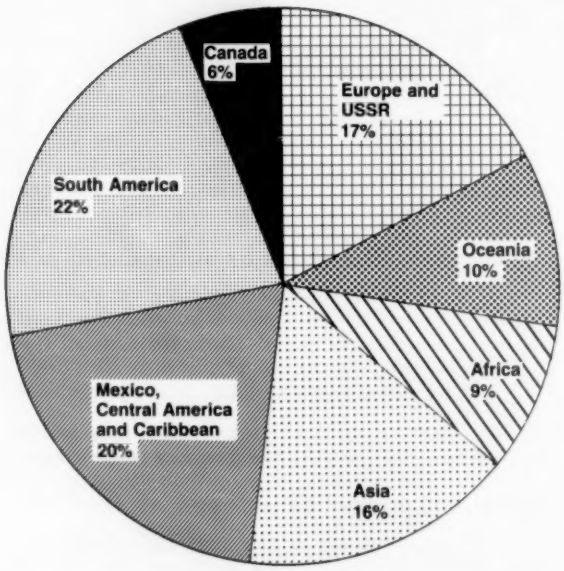
Brazil is generally the No. 1 supplier to the U.S. market—with sales of over $1 billion annually, chiefly coffee, cocoa beans, and sugar. Mexico is in second position—also recording over $1 billion in sales in fiscal 1980, consisting chiefly of coffee, fruits and vegetables (particularly fresh tomatoes), and live cattle.

The remaining top suppliers include Australia (chiefly meat and meat products); Colombia (coffee), Canada (live cattle, meat, and grains), Indonesia (rubber, coffee), New Zealand (meat and meat products), the Philippines (coconut oil, sugar, and fruits, nuts, and vegetables), Dominican Republic (sugar and coffee), and Guatemala (coffee).

Top Ten Suppliers of Agricultural Imports To the United States, Fiscal 1980
[In million dollars]

Country	Value
Brazil	1,746
Mexico	1,197
Australia	1,071
Colombia	1,061
Canada	1,022
Indonesia	747
New Zealand	609
Philippines	584
Dominican Republic	506
Guatemala	446

Developing World Supplies Two-Thirds of U.S. Imports



U.S. Import Policies

As the United States seeks to expand its exports, it faces the fact that foreign countries can "Buy American" only to the extent that they have the necessary U.S. dollars. And U.S. imports are the chief means these countries have of earning the necessary foreign exchange. Therefore, the United States has long followed a liberal import policy, making it one of the world's largest and most accessible markets for imported goods. About half of U.S. agricultural imports come in duty free. For the others, average import duties are relatively low.

In fact, farmers in this country generally have less protection from competitive imports than farmers in most other countries. The average duty on our agricultural imports is less than that on nonagricultural imports.

For most of its history, the United States has had no tariffs or low tariffs on agricultural imports. The exception was the period from 1921 to 1934, during which three successive, increasingly protective tariffs laws were in effect. During this period, nations to which the United States exported retaliated with tariffs on the products they normally imported from us—with the result that our exports plummeted.

Having learned the hard way what protectionism means to overall trade, the United States has since pursued a policy of encouraging the removal or lowering of trade barriers.

Of course, like other countries, the United States maintains certain health and sanitary barriers—regulations to keep out foreign pests and diseases and adulterated, misbranded, poisonous, or unwholesome foods.

Also, imports of some agricultural products under price-support programs—certain dairy products, for example—are restricted by nontariff measures. For example, an act of Congress authorizes the President to impose a quota or a fee, in addition to an import duty, when imports of a product tend to impair the effectiveness of these programs.

There is also a law which authorizes the President to impose quotas to regulate imports of certain meats, if necessary. However, regulations have rarely been needed in the history of the law, which was enacted in 1964. Rather, the United States has controlled meat imports when necessary by means of voluntary restraints negotiated with principal exporting countries.

U.S. Agricultural Imports by Region, Fiscal 1979 and 1980
[(In million dollars]

Country	1978/79	1979/80
South America	3,595	3,839
Asia	2,836	2,783
Western Europe	2,398	2,554
Oceania	1,722	1,763
Central America	1,427	1,665
Africa	1,247	1,499
Mexico	1,242	1,197
Canada	901	1,022
Carribean	443	621
Eastern Europe & USSR	376	326
Total	16,187	17,269

France

Grain Exports To Non-EC Countries Boom; Imports Slacken

France, the world's second largest exporter of agricultural products after the United States, is increasingly offering tough competition in world markets, particularly in grains. French agricultural exports amounted to $12.7 billion in 1978, increasing to $15.4 billion in 1979. During the first three quarters of 1980, France's exports of farm products amounted to a preliminary F57.6 billion ($12.8 billion), up nearly 20 percent over the comparable period of 1979, mainly on the basis of exports to non-European Community countries.

Grains and grain preparations, valued at $4 billion in 1979, are France's major export commodities, accounting for slightly more than one-fourth of all agricultural exports in that year. During the first three quarters of 1980, France's exports of grains were up 15 percent in volume over the January-September level in 1979.

France's European Community (EC) partners remain the major market for all French agricultural exports, taking roughly two-thirds of the total in recent years. Also, the Community is the major market for French grains—amounting to $2.6 billion, or 65 percent of the total exports in 1979.

However, France also has been selling more grain to third-country markets. These exports trended upward from $708 million in 1973 to $1.14 billion in 1975, declining in the next few years, but recovering in more recent years to $1.37 billion in 1979.

Generally favorable weather in 1980 resulted in extremely good outturn for most French crops. Ample supplies of many commodities, particularly grains, are available for export. The record grain crop of nearly 48.0 million tons in 1980/81 (August-July), along with large carryover stocks (4.0 million tons)—mainly in wheat—are expected to allow for grain exports of 20.0 million tons.

This would be roughly 2.0 million tons above the previous year's record and contrasts with the average of 14.0 million tons of grain exported during the previous 4 years. Exports during 1980/81 are expected to include about 13.0 million tons of wheat, up nearly 3.0 million tons from the previous year, 4.5 million tons of barley, and 2.4 million tons of corn.

Much of the 2-million-ton increase expected in French grain exports in 1980/81 will likely come from exports to third countries. These exports reached 8.3 million tons (including the grain equivalent of wheat flour) in 1979/80, compared with 6.8 million and 3.8 million, respectively, in the 2 previous years. The 1980/81 forecast estimate is for exports of 9.6 million tons.

Sales of wheat, and the grain equivalent of wheat flour, accounted for more than 80 percent (6.7 million tons) of these 1979/80 exports, while barley and small amounts of other grains made up the remainder.

For the last 3 years French grain exports to the EC have been stable at around 10 million tons, roughly 3 million tons short of the 1973/74 level. Grain exports to France's EC partners in 1980/81 are not likely to exceed the 9.9-million-ton level in the previous year.

Most of France's EC partners also had good grain harvests in 1980/81, lessening their import requirements. The EC can absorb all of France's exportable corn surplus of 2.4 million tons—down about 1 million tons from the 1979/80 level. However, France's wheat exports to the Community are expected to stagnate at the 4.0-million-ton level of the previous year.

The estimate for French grain exports in 1980/81 will depend to a certain extent on the level of EC funds available for export restitutions (subsidies), as determined by the EC Commission.

In the past, France has only been a sporadic and minor supplier of wheat to China, but this year's burdensome wheat supplies have caused France to ask for, and receive, an additional subsidy for wheat exports to China of roughly $6.50 per ton to compensate for added transportation costs to this distant market.—*By James Lopes, Economics and Statistics Service.* □

Harvesting corn in France. Other European Community countries took about 65 percent of France's grain exports in 1979.

United States

Exports of Milk Lactose Up in 1980; Further Expansion Expected

United States exports of lactose, an important ingredient of cow's milk, last year were up 21 percent in value from the 1979 level to $8.4 million. Export volume approached 14,000 tons—up slightly from the 1979 level and more than four times the amount shipped only 2 years earlier.

While imports of lactose (around 1,000 tons in 1979) have been increasing in 1980 as well, the rise in exports more than offset the growth in imports. Destinations for U.S. exports of lactose in 1980 are estimated to include some 45 countries. Exports to Canada, Japan, and Mexico accounted for over 75 percent of the total.

Lactose, sometimes called milk sugar, comprises an average of 4.7 percent of fluid whole cow's milk in the United States. Lactose is the most abundant nutrient of cow's milk, accounting for about 40 percent of total milk solids, with fats and protein each representing about 30 percent. Lactose contributes approximately 30 percent of the food energy value of whole milk and adds much to its flavor.

Most of the commercially produced lactose in the United States is extracted from whey, a byproduct of cheese manufacturing. As cheese production has been increasing, so has the supply of whey. Until recently, much of the surplus whey was dumped at the cheese processing plants, since transportation and processing costs exceeded the value of the then-known end products of dried whey or whey protein in the marketplace. While these costs are still high, environmental concerns over the polluting effects of whey have prohibited dumping and caused manufacturers to intensify their search for new products and markets both here and abroad.

Lactose has unique physical-chemical properties that food chemists use to advantage in improving food products. While producing a pleasantly sweet milk taste of its own, lactose has been found to enhance and accentuate the natural flavor of foods in general. The fact that lactose is less sweet than other commercial sugars has expanded its use as a flavor enhancer, since it brings out other flavors without causing excessive sweetness. The major use for lactose, and one of the oldest, is the production of simulated human milk for infant formulas. Human milk contains 7 percent lactose (about 40 percent more than in cows milk). Lactose is also used extensively in pharmaceuticals as an extender, sweetener, and culture base. Because of its nonhygroscropic property, lactose powder can be used as an anticaking agent in many powdered products as well.

The major competition for lactose markets comes from the European Community (EC), where the Netherlands, West Germany, and France are major producers. These three countries together exported 101,365 tons of lactose in 1979. Exports of lactose products are a free trade item and thus not subject to payment of either EC export subsidies/restitutions or monetary compensatory amounts. Therefore, these countries face the problem of high prices as dictated by the high fluid milk support price in the EC. As long as U.S. milk prices remain competitive with the EC's, the United States should continue to make gains in the international market for lactose.—*David McGuire; Dairy, Livestock, Poultry Division, FAS.* □

Argentina

Near-Record Oilseed Crop and Record Exports Seen for 1981

Argentina's 1981/82 oilseed crop—soybeans, sunflowerseed, flaxseed, peanuts (shelled), cottonseed, and tung nuts—is projected at 6.5 million metric tons. This is a near record and 3 percent above the weather-reduced output of 6.2 million tons recorded in 1980/81.

Oilseed exports in the 1981/82 marketing year are projected at a record 3 million tons, or about 300,000 tons above the 2.7 million tons estimated for 1980/81. Soybean exports should account for the bulk of the projected increase, given a prospective gain in soybean output and strong demand from foreign markets. The European Community is Argentina's largest oilseed market. However, shipments to the USSR in 1980 were sizable and will continue large as a result of a new 5-year bilateral trade agreement. That agreement calls for annual Soviet purchases of 500,000 tons of Argentine soybeans.

Argentina's oilseed harvesting season starts in December for flaxseed and March-April for other oilseeds. The projected increase in outturn is based on an expected recovery in yields, assuming relief from the unfavorable weather that marred production in 1980—first severe drought in January-February and then excessive rains during the April-May period.

Total oilseed crush in the 1980/81 marketing year is expected to decrease slightly to about 3.3 million tons, based on expected lower sunflowerseed and flaxseed supplies.

Soybeans. Soybean production in the 1981/82 marketing year is forecast at 3.9 million tons, or 400,000 tons above the revised estimate for 1980/81 of 3.5 million tons. This prospective gain is based on an expected recovery in yields and a slight increase in area to about 1.9 million hectares. Soybean yields for 1981 are forecast to recover to 2.1 tons per hectare, or nearly 10 percent above the estimated yield for 1980. However, yields are not expected to reach the 1977-79 average of 2.2 tons per hectare since a smaller percentage of the harvest is expected to be single croped, which has a higher yield than double-cropped soybeans.

The 1981/82 soybean crush is forecast at 800,000 tons, some 25 percent above 1980/81's which was about the same as the 1979/80 crush.

Argentine soybean exports in 1980/81 (April-March) are forecast to dip to 2.7 million

tons from the 1979/80 volume of 2.83 million. Through November, the USSR was the largest individual country purchaser, accounting for 737,887 tons followed by the Netherlands with 584,343 tons. Total sales to the USSR in 1980/81 are expected to reach 750,000 tons, whereas the only previous recorded sale to the USSR was 33,250 tons in 1978.

Shipments should remain large in coming years as a result of bilateral agreements recently signed with the USSR and Mexico. The Argentina-USSR agreement expresses the intention to ship 500,000 tons anually to the USSR, along with 3 million tons of corn and 1 million of grain sorghum. The August 13 agreement with Mexico calls for annual shipments of 1 million tons of soybeans, sunflowerseed, corn, and sorghum. Soybean meal exports in 1980/81 are estimated at 250,000 tons, compared with 258,000 in 1979/80.

Sunflowerseed. Production in 1981 is projected at 1.35 million tons, or 10 percent below the estimated 1980 outturn of 1.5 million. An expected increase of about 20 percent in yields will help compensate in part for a nearly 25 percent decline in area to around 1.35 million hectares.

Sunflowerseed exports during the past year have been minimal as a result of strong international demand for sunflowerseed oil and the 10-percent rebate on vegetable oil exports. However, sunflowerseed oil exports in 1980/81 (March-February) are expected to be 360,000 tons, compared with 239,000 shipped in the 1979/80 marketing year.

Peanuts. Production in 1981 is projected to decline to 195,000 tons (shelled basis) from the drought-reduced crop of 206,000 tons in 1980. The decline is attributed to a 30-percent drop in sown area as a result of farmer disenchantment with peanuts and consequent shift to grain sorghum and corn.

Peanut exports in 1981/82 (March-February) are forecast at 45,000 tons (shelled basis), against 55,000 tons estimated for 1980/81.

Cottonseed. Assuming normal weather conditions and average yields, cottonseed production in 1981/82 is projected at 295,000 tons, compared with this year's estimated outturn of 328,000 tons. Despite discouraging yields during the past 2 years, producers are expected to keep plantings at about the 1980/81 level of 580,000 hectares.

Inedible oils. Flaxseed production in 1980/81 is forecast at 620,000 tons, or well below the 743,000 tons of 1979/80. The decline comes as a result of a 25 percent drop in area prompted by farmer dissatisfaction with prices at planting time. Exports in 1980/81, however, are forecast at 50,000 tons, compared with only 12,000 the year before, and crushing also is up as a result of smaller crops in Canada and the United States.

Tung production in 1981/82 is forecast to decline from 100,000 tons in 1980/81 to 85,000 tons as a result of early frosts in Misiones Province.—*Based on a dispatch from James V. Parker, U.S. Agricultural Attaché, Buenos Aires.* □

Brazil

High Feed Costs May Slow Poultry Expansion Slightly

Brazil's poultry industry, which has witnessed several years of progressive growth recently, may face a slightly slower growth in 1981 if domestic prices in Brazil fail to keep up with rising feed costs. However, exports are expected to continue supporting an expansion, as they are expected to rise by over 50 percent to well over 250,000 tons.

Because of the rise in corn prices, which has narrowed or in some cases eliminated producer profit margins, broiler production for 1981 is projected to reach around 1.45 million metric tons, 16 percent above 1980's forecast. While this is a sizable increase, it is lower than the more than 20-percent growth rate experienced in 1979, a level which was expected to be duplicated in 1980.

Indicative of the price problem was the approximate 50-percent climb in the cost of broiler rations between March and October 1980 and the 70-percent increase in the cost of day-old chicks. This contrasted with an average supermarket poultry meat price rise of only 21 percent.

While breeding stock levels were up 44 percent in the first 7 months of 1980 and probably remained above year-earlier levels for all of 1980, cost/price squeezes that took effect in the second half of the year may have caused some farmers to shift their egg output from broiler chick production to the table egg market, or caused a more rapid than normal culling of breeding flocks.

With regard to egg production, according to the trade, the size of the laying flock has been underestimated for the past several years. Recent observations indicate that the current number of layers should total around 40 million birds, rather than the 35 million estimated earlier. Flock growth between 1979 and 1980 is estimated at 5 percent, while a 3-5 percent rise is being planned for 1981.

The estimate for Brazil's total 1980 poultry exports is now placed at 165,000 tons, double the 1979 level. As in 1979, over 90 percent of Brazil's poultry meat exports in 1980 were slated for the Middle East.

The industry was nervous in the fall of 1980 that 1981 shipments might be weakened because of the fighting between Iran and Iraq, two sizable markets for Brazil. Such disruptions could have affected the disposition of nearly 10 percent of Brazil's production. However, by the beginning of 1980 contracts had been signed with Middle Eastern countries and the USSR for around 200,000 tons and expectations are that exports will reach 260,000 tons in 1981.

During 1979, the latest year for which Brazilian broiler meat exports by destination are available, Iraq took 25,505 tons of Brazilian poultry meat valued at $23.9 million, and Saudi Arabia took 17,997 metric tons for $18.6 million. Kuwait bought 12,762 tons of poultry meat worth $12.3 million.

The outbreak of fighting in the Middle East also was a concern relative to the expanding volume of egg shipments to several Arab countries, including Iraq.

Egg exports to the Middle East have grown from 15,000 cases (30 doz./case) in 1979 to an estimated 150,000 or more cases in 1980—destined primarily for Saudi Arabia, the United Arab Emirates,

Iraq, and Lebanon. The trade reports that the largest single Brazilian shipment, consisting of 53,000 cases of eggs, left for Iraq in late September 1980.

These eggs were made available through a pooling arrangement by several producers—the same mechanism that has enabled Brazil to export increasing volumes of poultry meat to the region during the past 2-3 years.

The greatest surge in Brazil's egg exports came following the elimination of its 15-percent value-added tax on exports on July 1, 1980. With the current situation in the Middle East and the reported sporadic nature of recent egg shipments, it is likely Brazil's egg shipments will increase more moderately in 1981, compared with the strong upsurge in 1980.—*Based on a report by Lyle E. Sebranek, U.S. Agricultural Officer, São Paulo.* □

Australia

Steps Up Technical Assistance For Southeast Asia, Mideast

The Australian Wheat Board (AWB) is expanding its programs of technical assistance for Southeast Asia and the Middle East, areas where similar U.S. efforts have been successful.

The program, first launched in Singapore in 1977 and more recently extended to the Middle East, marks an increased tempo in Australia's efforts to promote sales of wheat through technical seminars and training courses.

Australia traditionally accounts for about 10-15 percent of the world wheat trade. Because of the poor 1980 crop, Australia's wheat exports in 1980/81 (Dec.-Nov.) are estimated at 11.0 million metric tons, down from the record 13.2 million the previous season.

Flour milling has become a boom industry in Southeast Asia and the Middle East, remarked Cliff Semmler, the Board's deputy manager. He addressed the October 21, 1980, meeting of overseas trainees attending laboratory and baking technician courses held for the Board by the Bread Research Institute of Australia.

While countries in Southeast Asia and the Middle East were once content to import flour, now it is a case of "mill your own," Semmler said.

The AWB's technical seminar and exchange programs are aimed at ensuring that Australian wheat and baking technologies are well understood in the two regions where the expansion of flour milling industries offers increasing opportunities for Australian wheat exports.

In 1977, the Board's first overseas technical seminar in Singapore was attended by technical staff and representatives of flour mills throughout Southeast Asia.

The seminar's success prompted the Board to hold another one the next year in Jakarta for Indonesian millers. In addition, six other seminars in Indonesia concentrated purely on breadmaking.

The following year, technical delegations from the Middle East, Japan, Indonesia, and Pakistan studied various aspects of wheat quality, milling, baking, and grain storage practices in Australia. The AWB also staged six technical seminars throughout Southeast Asia.

After an evaluation of wheat and flour markets in Dubai, Bahrain, Saudi Arabia, Kuwait, and Iraq, the Board sent a trade mission to Saudi Arabia in late 1979 to assist the Saudis in the milling of Australian wheat for the first time in that country.

In 1980, the Board—together with the Bread Research Institute—presented milling and baking seminars in Bahrain and Baghdad, Iraq.

The millers' seminar in Bahrain drew representation from the entire Mideast region. Two baking seminars also were staged in East Malaysia last autumn.

In stepping up its activities, the AWB has developed special technical training courses in Australia.

Presently, the Board has arranged for the Bread Research Institute to provide short courses in baking, laboratory, and milling technology. The milling technicians course is scheduled to begin in 1981.

Initially, participants in these courses are being drawn from Southeast Asia and Middle East.

In the near future, however, the Board will be inviting participants from other export markets, including Japan and China.

China, in particular, has expressed interest in an exchange of technical personnel in the areas of milling and breadmaking.—*By Brice K. Meeker, U.S. Agricultural Counselor, Canberra.* □

Japan

U.S. Replaces China as Top Duckmeat Supplier in 1980

Although exports of U.S. duck to Japan are extremely small compared to chicken, Japanese purchases of U.S. duck are growing steadily, with imports rising from less than 1 ton in 1975 to more than 300 tons[1] in 1979 and 1980. The United States replaced China in 1980 as Japan's most important supplier of duck.

In 1980, Japan imported at least 308 tons of U.S. duck, compared with imports from China of about 264 tons. The United Kingdom and Taiwan also supplied duck to the Japanese market in 1979 and 1980, but in smaller volumes than from the United States.

Prior to 1975, U.S. duck exports to Japan were nil but in that year a large U.S. duck processor enlisted the aid of the Poultry and Egg Institute of America (PEIA), a USDA market development cooperator with an office in Tokyo, in an effort to break into the market. Although interest at the time was minimal, the U.S. businessman met with officials of five Japanese trading companies.

Based on studies by PEIA, which detailed sales possibilities in Japan and the strength of competition from China, several of the trading

[1]The Japanese import category also includes geese and guineafowl, but it can be assumed most or all of the recorded imports are of ducks.

firms later placed trial orders. A distribution channel for deboned duck also was developed to get the U.S. product to duck restaurants, traditional eating places in Japan, where it created a favorable reaction.

In 1978 and 1979, representatives of two U.S. duck-processing firms visited Japan, and again PEIA smoothed the way by cooperating with Japanese importers in holding tasting seminars for tradespeople. As a consequence, additional orders were placed, reaching 116 tons in 1978 and 313 tons in 1979.

Since 1979, PEIA has displayed U.S. duckmeat at FAS-sponsored food exhibits, normally held in Japan at least once a year, providing samples to the trade—mostly distributors and institutional workers—who attend. PEIA also cooperated with the Japanese Restaurant Association, which sponsored a Poultry Meat Tasting Seminar, at which U.S. duckmeat was sampled by chefs and proprietors from some of the city's leading duck restaurants.

In approaching the Japanese market, PEIA focused on getting U.S. duck accepted by Japanese and Chinese duck restaurants. After that, it went after the leading hotels and Western-style restaurants. It is now preparing, with the cooperation of Japanese duck importers, leaflets describing U.S. duck products. It also is gearing up to interest Japanese supermarkets in handling U.S. duckmeat for use in *kamo nabe* (hot duck with vegetables)—a traditional cold weather dish.

The United States and Taiwan both ship deboned duck to Japan. China supplies whole ducks with heads, feet, and gizzards; and the United Kingdom supplies duck products that closely match those sold by the United States. □

USSR

Reduced Vegetable Oil Production Boosts Imports of Soybeans, Oil

The extreme shortfall in Soviet sunflower production last year has resulted in considerably lower output of vegetable oil and further growth in import requirements for soybeans and vegetable oil.

Soviet production of vegetable oil in 1980 declined for the second straight year and was below expectations for the fourth successive year. Monthly production figures of the food industry indicate that vegetable oil produced from state-held resources may have declined to 2.5 million metric tons, approximately 10 percent below the 1979 level of 2.76 million. Production from all sources reached 2.6 million tons— 8 percent under the 1979 level and 14 percent below 1978's.

Indicative of the seriousness of the decline was the drop in fall production (Sept.-Nov.) of vegetable oil to the lowest level of the past decade—14 percent below the 1969-78 average (1979 data not available).

Fall production is usually boosted by the sunflower crop coming on line. However, the serious lags in September and October vegetable oil production confirm the difficulties encountered with the 1980 crop. Monthly vegetable oil production began to approach near-normal levels in November, but output nonetheless showed a drop of approximately 12 percent from that in November 1978.

Lagging vegetable oil production is directly related to Soviet difficulties in maintaining and/or increasing sunflowerseed production. While area sown to sunflowers has remained stable over the past 10 years, yields have fallen off considerably. Average yield in 1976-79 was down to 1.21 metric tons per hectare, compared with 1.32 tons in both 1966-70 and 1971-75.

These declining yields reduced 1980 production to an estimated 4.65 million tons—3 million below the

USSR Sunflower Oil Exports

[In metric tons]

Item	1976	1977	1978	1979	1980[1]
Cuba	57,288	72,636	67,876	73,923	70,000
Poland	30,000	17,408	24,026	8,129	5,000
West Germany	74,537	38,557	9,553	7,396	2,000
France	48,036	15,789	5,392	5,376	2,000
Netherlands	10,006	10,876	7,093	0	0
Czechoslovakia	30,578	33,328	5,744	0	0
Other	42,390	42,277	28,273	18,039	8,000
Total	292,835	230,871	147,957	112,863	87,000

[1]Estimated.

Total USSR Production of Vegetable Oil From All Sources, 1976-80

[In 1,000 metric tons]

Item	1976	1977	1978	1979	1980[1]
Sunflower	1,637	1,777	1,932	1,852	1,500-1,550
Cottonseed	714	697	722	637	720-740
Soybean	323	367	221	253	260-270
Other	101	102	89	77	80
Total	2,775	2,943	2,964	2,819	2,560-2,640

[1]Estimated.

Monthly USSR Production of Vegetable Oil From State Resources, 1973-80

[In 1,000 metric tons]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total[1]
1973	202	179	209	174	173	161	102	45	192	312	312	330	2,396
1974	292	268	304	282	284	252	196	77	185	317	315	330	3,101
1975	293	262	293	255	255	244	164	70	226	332	324	341	3,059
1976	—	—	198	197	210	197	151	89	144	300	316	334	2,566
1977	246	217	255	221	209	196	144	78	178	326	334	353	2,757
1978	280	248	267	258	249	184	107	58	119	296	343	356	2,766
1979	—	—	—	205	189	—	—	—	—	—	—	—	2,760
1980	252	238	248	227	234	[2]200	100	40	160	200	300	[3]300	[3]2,500

—Denotes not available.
[1]Totals may not add up due to rounding. [2]Calculated. [3]Estimates.

planned level of 7.7 million tons, representing a shortfall of over 1.0 million tons of equivalent vegetable oil production. Average production in 1976-80 consequently works out to about 5.32 million tons, compared with 5.97 million in 1971-75 and 6.39 million in 1966-70.

These recent shortfalls in sunflower production have caused total vegetable oil production to stagnate at approximately 2.8 million tons during 1976-80.

Production gains in cottonseed from the record 1980 cotton crop were insufficient to offset the decline in sunflowerseed output. Soybean production is still relatively small, and it will take some time, if ever, before this crop can compensate for declining sunflowerseed output.

Consequently, the Soviets have found it necessary to supplement domestic oilseed production with larger imports of soybeans and vegetable oil. In 1980, approximately 180,000 tons of soybean oil were produced from imported soybeans—a figure that is expected to rise to some 260,000 tons in 1981.

Soviet vegetable oil imports have increased steadily since 1978 and are believed to have reached 400,000-450,000 tons in 1980, doubling the 1979 level. For 1981, a further increase to around 700,000-750,000 tons appears likely. Although the USSR is still the world's largest producer of sunflowerseed, the United States has replaced it as the top exporter of sunflower products. Soviet sunflowerseed oil exports have dropped sharply, and the USSR began importing sunflowerseed oil in 1980.—*Mary Ponomarenko, International Economics Division, Economics and Statistics Service.* □

USSR Imports of Edible Vegetable Oil, 1976-81
[In metric tons]

Item	1976	1977	1978	1979	1980[1]	1981[1]
Coconut oil	70,908	32,190	50,553	47,989	100,000	200,000
Palm oil	[2]10,200	[2]46,600	41,120	105,220	140,000	160,000
Sunflower oil	—	—	—	—	120,000	150,000
Soybean oil	—	[2]800	[2]3,000	[2]21,500	50,000	200,000
Olive oil	9,000	5,900	8,173	7,315	8,000	8,000
Other	38,706	40,535	64,143	17,324	10,000	12,000
Total	128,814	126,025	166,989	199,348	428,000	730,000

—Denotes not available.
[1]Estimated. [2]FAO data.

Egypt

Corn Imports From U.S. May Reach $150 Million in 1981

Egypt's Ministry of Supply plans to import about 1.0 million tons of corn in 1981—up from an estimated 800,000 tons in 1980 and nearly double the 1979 level. In view of the recent shortages of meat and eggs, there is a strong possibility that this estimate could be revised upward, perhaps to about 1.2 million tons. Thus the value of these corn shipments from the United States, Egypt's major corn source, could reach $100 million in 1980 and $150 million in 1981.

Egypt's corn production reached a peak of 3.1 million tons in 1978, but retreated to 2.9 million tons the following year. Corn imports rose strongly through 1978 when they reached 742,000 tons.

Efforts to reduce the rising costs of subsidies administered by the Ministry of Supply caused an increase in the price of imported corn distributed in Egypt from $39 to $86 per metric ton in late 1978. Imports of corn fell to 474,000 tons in 1979 as stocks from the relatively large 1978 imports were utilized.

Egyptian commercial feedlot and broiler managers complained about the price hike for corn, but eventually realized that it still contained some subsidy and was below the world market price. Unfortunately, the higher corn price prevented very badly needed gains in output of beef and poultry meat in 1979.

Moreover, the severe meat shortage of 1980 pushed up prices for livestock and chickens paid to farmers, generating a new upward movement in demand for imported corn.

Some poultry and feedlots operators were caught in a squeeze because cooperative stores sold imported beef and frozen poultry at lower prices than the operators charged their own customers. This limited the prices producers received for the animals they sold, despite the striking increase in the cost of their major feed items.

In 1978 the Ministry of Supply lost more than $140 million from subsidies in the distribution of imported corn. This rate of loss declined sharply in 1979 when prices charged to customers more than doubled.

Egyptian output of poultry meat remained static at close to 120,000 tons in 1979 because of the feed shortage. Output rose to about 132,000 tons in 1980, but could not keep pace with demand. Egyptian imports of frozen poultry are estimated to have surpassed 52,000 tons in 1980—double the 1979 level. U.S. exports of frozen poultry to Egypt reached 40,000 tons in fiscal 1980—quadruple those of the previous year. Egypt now allows duty-free imports of poultry meat by private traders.

Prospects for expanding area planted in corn are not good in Egypt. A new crop, soybeans, recently took 36,400 hectares of prime land in the northern Delta away from corn.

The United States has supplied virtually all of Egypt's corn imports in recent years. In 1979, New Zealand sent 26,000 tons of corn to Egypt. Bulgaria and Romania were occasional suppliers in the early 1970's before U.S. shipments again became significant.—*By John B. Parker, Jr., International Economics Division, Economics and Statistics Service.* □

TRADE BRIEFS

Large Singapore Store To Stage 'U.S. Month'

It's the "United States Month" at the large Shui Hing department store in Singapore during April. The in-store promotion will be featured in a special eight-page advertising insert in local newspapers. A 3-day fashion show at the Hyatt Hotel will support the store's promotion of U.S. products. During April 24-28, the U.S. Maid of Cotton will be on hand for the in-store promotion. Approximately 65 percent of Shui Hing merchandise comes from the United States. Purchases of apparel for this special event totaled US$991,000 with heavy emphasis on 100-percent U.S. cotton garments.

U.S. Soybean, Feedgrain Exports to Spain Continue To Climb

As a result of rising domestic demand, Spain has become a large market for U.S. soybeans and feedgrains. A sharp gain in both export categories occurred in fiscal 1980 when U.S. soybean exports to Spain rose to $543 million from $393.4 million a year earlier. This advance resulted from the rapid expansion in Spain's crushing industry. Today, Spain is no longer dependent on imports of soybean meal. In fiscal 1980, U.S. feedgrain exports to the Spanish market rose to $400 million from $210 million the year earlier.

Argentine Grain Output, Exports Revised Upward

Estimates of Argentina's new corn crop as of early February have been revised upward to 11.2 million tons (the highest level since 1940/41) because of favorable weather and higher yields. Trade sources believe that with such a large crop, Argentine corn exports in 1981/82 could reach 7.8 million tons. Sorghum production also has been raised, to 6.5 million tons. Export estimates for 1981/82 have been moved up to around 3.7 million tons.

Record EC Wheat Exports Seen in 1980/81

As a result of the bumper 1980 wheat harvest of more than 51 million metric tons, wheat exports by the European Community (EC) are expected to rise about one-third to a record 13 million tons in the 1980/81 marketing year (July-June). With consumption expanding only moderately and with stocks fairly high at the start of the 1980/81 year, the EC is facing a challenging disposal problem. While large quantities of wheat went into intervention stocks in early 1980/81 after internal EC prices fell in response to the oversupply, sizable amounts moved into export in an effort to remove surplus grain from the internal market. Export authorizations were brisk during the first half of 1980/81, and, although costly (the current wheat export subsidy is running about US$65 per ton), large-scale exports are likely to continue throughout the season.

Michigan Is Leading U.S. Cattle Exporter

Michigan, Arizona, Texas, Ohio, and Indiana were the top five leading exporters of U.S. cattle in fiscal 1980, according to the U.S. Meat Export Federation (MEF). Michigan headed the list by exporting 15,153 head, with the majority being mixed or crossbred. The other leaders were: Arizona (3,174 head), Texas (2,379), Ohio (1,235) and Indiana (1,062). The three top importers of U.S. cattle in fiscal 1980 as reported by MEF were: Canada (23,638 head), Mexico (7,694), and Japan (1,580). Of Canada's imports, 20,756 were mixed or crossbreds for slaughtering or fattening. MEF also reports that demand for U.S. breeding stock should rise in 1981 as developing countries continue to make advances in their handling of breeding stock and as interest in herd development strengthens.

Stagnating Cotton Crop In Brazil Could Create Need To Import Later

Brazil's 1980/81 cotton crop is now estimated at 2.6 million bales (480 lb net), slightly less than that of last season. There is concern in Brazil that the relatively stagnant level of cotton production envisioned for this year—and perhaps over the near-term—together with the continued expansion in mill capacity may eventually force Brazil to import raw cotton on a regular basis in order to fill its deficit.

Little Change Seen In Soviet Meat Output, Following Dip in 1980

The Soviet Union's meat production of 15.1 million metric tons in 1980 fell about 2.5 percent short of 1979's output, according to official Soviet figures. Milk production at 90.7 million tons declined almost 3 percent in 1980 while the number of eggs at 67.7 billion increased about 3 percent. As of Jan. 1 of this year, total Soviet cattle inventories stood at 115.5 million head, up less than 1 percent from a year earlier. The number of hogs totaled 73.5 million, down less than 1 percent. Because of a serious shortage of high-quality feeds for the livestock sector, it should be difficult for the Soviets to substantially increase meat production in 1981.

Grain Glut Occurs In Bangladesh

Bangladesh is experiencing a temporary glut of grain. However, the record 1980 harvests of both rice and wheat have contributed to current storage difficulties that could worsen if the April harvest brings in another bumper crop. In 1980, Bangladesh produced 14.2 million metric tons of rice and 823,000 tons of wheat.

Here & There

A group of about 20 leaders of Spain's large, modern poultry industry attended the Southeastern Poultry and Egg Association Exhibition in Atlanta in late January. . .Romania's imports of U.S. breeding hogs—Durocs and Hampshires—totaled 600 head in 1980 while imports of U.S. cattle semen amounted to $63,500. Additional imports in both categories are seen for 1981. . .The value of Ireland's exports of cattle, beef, and lamb rose 35 percent in 1980 to a record $1.6 billion, according to the Irish Livestock and Meat Board annual review.

WORLD AGRICULTURAL DAYBOOK

MARCH

Trade Fairs/Exhibits

Date	Event and location
Mar. 3	Mid-American Food Exhibitors' Show, Kansas City
Mar. 5	Eastern Food Exhibitors' Show, New York City.
Mar. 7-15	International Exhibition, Verona.
Mar. 8-15	Paris Agricultural Show, Paris.
Mar. 16-17	FAS Solo Food Show, Cairo.
Mar. 16-20	HARUMI International Hotel, Restaurant, and Institutional Exhibit, Tokyo.

Meetings

Date	Organization and location
Mar. 2-4	OECD Working Party No. 1 on agricultural policies, Paris.
Mar. 2-6	Sixth Preparatory UNCTAD Committee on Cotton, Geneva.
Mar. 2-6	UNCTAD Fourth Preparatory Meeting on Vegetable Oils and Oilseeds, Geneva.
Mar. 5-6	Southern Cotton Association, Memphis.
Mar. 5-8	Tobacco Association of the United States, Myrtle Beach, S.C.
Mar. 9-12	FAO Fertilizer Committee, Rome.
Mar. 9-13	FAO Intergovernmental Group on Oilseeds, Oils, and Fats, 15th session, Geneva.
Mar. 11-13	American Pork Congress, Kansas City.
Mar. 16-20	FAO Intergovernmental Group on Rice, Rome.
Mar. 20	Tobacco Associates, Raleigh.
Mar. 23-25	14th Annual Rapeseed Convention, Vancouver, Canada.
Mar. 30-Apr. 3	International Coffee Organization Council, London.

Trade/Technical Team Trips

U.S. Teams Overseas

Date	Team	To
Mar. 19-28	U.S. Processed Food Sales Team	Saudi Arabia, Bahrain.
Mar. 19-Apr. 9	American Soybean Assn.	Japan, S. Korea, Hong Kong, Singapore, Taiwan
Mar. 19-April. 10	U.S. Wheat Associates	Mexico, Guatemala, Venezuela, Brazil, Chile, Peru, Ecuador, Colombia

Foreign Teams in the U.S.

Mar. 18-28	Spanish Dairy	California, Texas, Washington, D.C.
Mar. 23-Apr. 11	Korean Cattle	Wisconsin, Minnesota, New York, Washington, D.C.

Poland's Agriculture

Continued from page 15

Western markets since June, some of which were reportedly at below-market prices. According to a Rolimpex official, Poland will not be in the market for more sugar owing to a lack of financing. There is little room for a drawdown in stocks. Therefore, without additional purchases abroad, the country's per capita sugar consumption this year could fall as much as 5 kilograms from 1979's 43.

By June 1981, hog numbers are officially projected to be 15 percent under year-earlier levels, while cattle numbers will be down 5-10 percent. Recovery of herd numbers to the June 1979 level is not anticipated for hogs until 1982 and for cattle until 1983.

State procurement of meat is expected to fall an additional 20 percent in 1981 following a 4-percent drop during January-November 1980, and meat imports should exceed the 50,000 tons brought in during 1980. This year, Poland apparently will get 50,000 tons of red meat from the EC at below-market prices. Besides this arrangement, Poland is expected to import an additional 45,000 tons of red meat in 1981, mostly from EC sources.

Yet Poland continues to be a net exporter of meat. Although the export volume has been falling the past 2 years, the Government appears reluctant to drastically curtail these shipments for fear of losing traditional hard-currency markets.

Actual meat consumption in Poland is not expected to drop as much as the 20-percent decline in procurements would imply because of the increased amount of meat moving outside official State channels. However, it is apparent that per capita consumption of meat should fall from 73 kilograms in 1979 to somewhere in the range of 63-67 kilograms for 1981.

To counter the tightening meat supplies, the Government had hoped to have a complete meat-rationing program in effect at the beginning of the year, but it has faced continued difficulties in working out specifics of the plan. The type of problems discussed by Polish officials and elaborated in the press indicate that no plan will be free of major drawbacks; nor a substitute for increased meat production for alleviating market pressures.

The Government now has an extensive meat rationing plan, scheduled to take effect April 1. □

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Farm Policies in '80's

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period of fundamental change in the conditions of trade.

Important among these is the increasing pressure from the developing world to become a part of the world trading club and the international economy. This is being carried out in the context of a series of discussions, dialogues, consultations, charges, and counter-charges—all of which have become known as the North-South Dialogue.

The main elements of this dialogue center around several issues being put forth by the third world in its attempt to create a new international economic order. The bases for such third-world activity include the rising levels of expectation and income in the developing world leading to—among other things—increasing demands for higher quantities and qualities of food supplies and a continuing need (with regard to agriculture) for increased world food security and an equitable set of mechanisms to achieve it.

One mechanism for increasing developed country participation with the developing world is the program known as the Generalized System of Preferences. The U.S. Generalized System of Preferences Program (GSP) was authorized by the Trade Act of 1974 and provides for unilateral tariff preferences to beneficiary developing countries. Its purpose is to encourage economic diversification and export growth within the developing world. Imports of designated items from designated beneficiary developing countries may enter the United States duty free. Some 140 countries are eligible to participate in this 10-year program, which is currently authorized only until 1985. About 2,800 tariff-schedule items are eligible for GSP coverage, including 340 agricultural items. Petitions to add or delete products from the GSP list are reviewed annually by an interagency committee.

Another element of future policy U.S. trade policy.

Another element of future policy concern will continue to be the role of food reserves and how they can be established and managed. A major effort was made in the recent negotiations to develop an international wheat reserve for market stabilization. That effort was unsuccessful and only now does there seem to be some progress in establishing an international food aid reserve.

If grain shortages should return, a number of important questions will arise. The shortages of the early 1970's created a market adjustment problem, much of which was absorbed by the United States. Because many other nations insulated themselves from the market, U.S. grain prices moved up sharply and utilization of feedgrains dropped dramatically. Price relationships among commodities shifted to the detriment of livestock producers. Farm income rose, and farmers' optimism caused land prices to soar.

Also, as the proportion of U.S. agricultural trade with centrally planned economies and with developing countries using state trading mechanisms increases, the transfer of market instability to the United States will also grow.

Another element in present circumstances is the increasing pressure of inflation and efforts by consumer and user groups to limit exports to help counteract inflation. These considerations suggest that the United States probably could not assume the burden of adjustment required from a protracted period of relative shortages.

The time is approaching when the United States will have to adapt its farm and food policies to new and changing realities. The fact is that 1 acre in 3 produces for the export market and nearly 30 percent of farm income derives from exports. Obviously, there is a need for continued maintenance and orderly development of foreign markets for U.S. farm products and the pursuit of more liberal trading relationships. But the basic issue of how the United States handles food policy under circumstances of relative shortages, increasing real prices, and unprecedented market instability will be upon us during the 1980's. □

USITC To Study GSP for China

The U.S. International Trade Commission (USITC) will hold public hearings on the possible extension of Generalized System of Preferences (GSP) to China. The investigation, under Section 332(g) of the Tariff Act of 1930, was requested by the President for the purpose of providing the U.S. Trade Representative with advice on the probable economic effects on domestic industries and consumers of designating the People's Republic of China as a beneficiary developing country for purposes of the GSP.

The investigation will be limited to those GSP eligible articles identified in the tariff schedules of the United States.

A public hearing is scheduled to begin on April 22, 1981, in Washington, D.C. Requests to appear at the hearing should be filed with the Secretary, USITC, 701 E Street N.W., Washington, D.C. 20436, no later than noon, April 16, 1981.

Written statements are invited and should be submitted no later than May 15, 1981. □